



Madalena Energy

Mar 17th 2015

Wintershall's exploration commitment in Argentina bodes well for Madalena Energy

Wintershall, Germany's largest international crude oil and natural gas producer, has released news that it has launched its first own-operated exploration well in the central Argentinean province of Neuquen, signalling increased investment in the region. The news is a boon to junior energy companies operating in the area, like Madalena Energy (CVE:MDN), whose Coiron Amargo block is just south of Wintershall's activities.

Alongside the U.S., Argentina is one of the most important growth regions in the field of unconventional oil and gas production, and has been a hotbed of drilling activity in recent years.

The South American country has the second largest shale gas deposits and the fourth largest shale oil deposits in the world, with 27 billion barrels of oil equivalent (boe).

Together with local state-owned energy company Gas y Petróleo del Neuquén S.A. (GyP), Wintershall has launched a first exploration well in the own-operated Aguada Federal block, in which it has held a 50 percent share since 2014 via a multi-billion dollar transaction.

But Wintershall has more than 20 years of experience in the Neuquen province, though it has so far only produced oil and gas there from various conventional and tight gas reservoirs. It holds shares in three neighbouring blocks which also show potential for shale oil and gas, as they are located in the region of the promising Vaca Muerta formation.

The vertical exploration well it plans to drill is aimed at providing important information about the shale rock of the Vaca Muerta formation. The launch of a second exploration well is also planned for this year, and depending on the results, Wintershall could see the drilling of up to six horizontal wells to prove up development and unlock unconventional resources.

Madalena Energy also has 14 concessions across the country stretching over 1 million net acres of land, with a major foothold in an area dominated by industry majors such as YPF, Chevron, Total and Exxon. It is focused on developing the unconventional Vaca Muerta and Agrio shales in addition to multiple tight sand plays, as well as developing high impact conventional plays.

The Canadian junior holds 35,000 net acres at its Coiron Amargo block alone, where it is currently drilling ahead at its Sierras Blancas play, compared to some 12,000 acres at Wintershall's Aguada Federal block.

The majority of Madalena's proven undeveloped reserves in Argentina are from six Sierras Blancas conventional horizontal wells at its Coiron Amargo block, and three horizontal wells at Puesto Morales. It is currently drilling at both fields, with a well at Sierras Blancas expected to be tied in for production this month.

Coiron Amargo is surrounded by industry majors, with YPF and Chevron recently committing to drill 160 wells just west of the block, while Shell is drilling horizontals directly offset and surrounding Madalena's properties.

Madalena, unlike many oil and gas juniors, has been able to weather the current downturn in oil prices, as oil prices in the regulated domestic market in Argentina continue to remain well above the Brent oil benchmark price. Indeed, the

Price: C\$0.355

Market Cap: C\$186.225M

1 Year Share Price Graph



Share Information

Code: MVN

Listing: TSX-V

Sector: Oil & Gas Exploration & Production

Website: www.madalenaenergy.com

Company Synopsis:

Madalena is an independent, Canadian-based domestic and international upstream oil and gas company whose main business activities include exploration, development and production of crude oil, natural gas liquids and natural gas.

Author:

Deborah Bacal +44(0)1202770386

action@proactiveinvestors.com



Medanito posted price for its Argentina oil production in February was US\$76.00 per barrel.

Shares of Madalena have risen almost 19 percent year-to-date, and are currently trading around 35 cents on the TSX Venture Exchange in Toronto.

Proactive Investors facilitate the largest global investor network across 4 continents in 4 languages. With a team of analysts, journalists & professional investors Proactive produce independent coverage on 1000's of companies across every sector for private investors, private client brokers, fund managers and international investor communities.

Contact us ■ +44 (0)1202 770386 ■ action@proactiveinvestors.com

No investment advice

Proactive Investors UK Limited, trading as "Proactiveinvestors United Kingdom", is authorised and regulated by the Financial Services Authority. Registered in England with Company Registration number 05639690. Group VAT registration number 872070825 FSA Registration number 559082. You understand and agree that no content published constitutes a recommendation that any particular security, portfolio of securities, transaction, or investment strategy is suitable or advisable for any specific person. You further understand that none of the information providers or their affiliates will advise you personally concerning the nature, potential, advisability, value or suitability of any particular security, portfolio of securities, transaction, investment strategy, or other matter.

You understand that the Site may contain opinions from time to time with regard to securities mentioned in other products, including company related products, and that those opinions may be different from those obtained by using another product related to the Company. You understand and agree that contributors may write about securities in which they or their firms have a position, and that they may trade such securities for their own account. In cases where the position is held at the time of publication and such position is known to the Company, appropriate disclosure is made. However, you understand and agree that at the time of any transaction that you make, one or more contributors may have a position in the securities written about. You understand that price and other data is supplied by sources believed to be reliable, that the calculations herein are made using such data, and that neither such data nor such calculations are guaranteed by these sources, the Company, the information providers or any other person or entity, and may not be complete or accurate.

From time to time, reference may be made in our marketing materials to prior articles and opinions we have published. These references may be selective, may reference only a portion of an article or recommendation, and are likely not to be current. As markets change continuously, previously published information and data may not be current and should not be relied upon.