



Madalena Energy

Nov 12th 2013

Madalena Energy's Ostracod well continues to shine, Argentina advancement underway

Madalena Energy (CVE:MVN) provided Tuesday an update on its operations in west-central Alberta that shows off the impressive Ostracod well, while drilling activity continues at its multi-billion barrel potential Argentina assets, where it has extended the exploration period for the southern part of its Coiron Amargo block.

At its Canadian operations, where the Canadian oil and gas junior has existing production, it said the 1-32 Ostracod well in the Paddle River area of Alberta, in which it has a 100% stake, was placed on production early this month, flowing at an average rate of 793 barrels of oil equivalent per day (boe/d) during the first nine days of production.

Mackie Research analyst Bill Newman, in a note sent to clients early this morning, said the production rate is more than two times management's type curve for the Ostracod play. The company also holds 58 net sections that are prospected for the Ostracod, with a large inventory of drill-ready locations, he noted.

The real valuation driver for Madalena, however, is from three blocks within Argentina's Neuquen basin, where it holds 135,000 net acres at Coiron Amargo, Curamhuele and Cortadera, seeking joint ventures for the appraisal of its shale resources in the Vaca Muerta formation. It has estimated contingent and prospective resources of 2.9 billion barrels in Argentina.

At the Coiron Amargo block, which is divided into two regions called Coiron Amargo Norte and Coiron Amargo Sur, Madalena and its partners received from the province a one-year extension for the exploration period for the southern portion, until November 8, 2014. This gives the company the flexibility of satisfying the remaining work commitments on the block, which are estimated at about US\$3.8 million plus VAT, net to Madalena.

After this money has been spent, Madalena can extend Coiron Amargo Sur through further exploration, evaluation and/or exploitation phases. The northern portion of the block is currently under a 25-year exploitation concession, approved by the province of Neuquen last year. The company has a 35% weighted interest in this block.

Meanwhile, Madalena said Tuesday that the CAN.XR-2 well was recently re-entered, and is being drilled horizontally in the Sierras Blancas light oil reservoir, representing the first such well drilled into one of the six Sierra Blancas light oil pools found on the block so far. After this well, the company is planning to drill another Vaca Muerta shale well in the southern portion of Coiron Amargo.

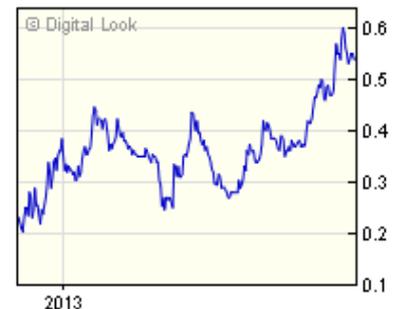
The Nequen Basin in Argentina has been witness to a recent bustle of activity by oil majors, including between state-owned YPF and Dow Chemical, Chevron, and Bidas/CNOOC, as well as the joint venture by GyP and Wintershall.

In fact, Haywood Securities analyst Darrell Bishop recently pointed out in a research report a valuation disconnect, with Madalena's Argentina lands valued at about \$750 per acre, compared to majors who are currently transacting at upwards of \$10,000 an acre.

Price: C\$0.54

Market Cap: C\$179.51M

1 Year Share Price Graph



Share Information

Code: MVN

Listing: TSX-V

Sector: Oil & Gas Exploration & Production

Website: www.madalena-ventures.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.

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Specifically, Madalena is continuing to work towards a joint venture at its Curamhele block, where it has hired RBC Capital Markets as an exclusive advisor for the process, saying that the bank is currently in discussions with a "broad spectrum" of interested parties. Mackie's Newman said he believes a transaction would be a "major catalyst" for the stock.

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