

Madalena Energy

18:01 17 Dec 2015

Madalena Energy brushes aside Argentine currency fears

Oil and gas producer with assets in Argentina, Madalena Energy (CVE:MVN, OTCMKTS:MDLNF) has brushed aside any fears over the devaluing of the Argentine Peso as currency controls are relaxed.

The finance minister in the new centre-right government, announced the immediate scrapping of currency controls last night.

Madalena said it did not expect a relaxation of currency controls and a move to only one exchange rate to have a negative impact on Madalena's operations and overall business plan in Argentina.

The junior firm noted that all of its crude oil and natural gas revenues are priced and invoiced in US dollars and settled in Argentine Pesos at the time of receipt.

The company estimates that 100% of its finance and current income tax expenses, 90% of its general and administrative costs, 65% of its operating costs and 20% of its capital expenditures are invoiced and settled in the Peso, therefore the devaluation reduces those costs and capital expenditures when converted to US dollars or Canadian dollars.

It has also liquidated around 50% of the bonds received from the Argentine government as settlement of the Petroleo Plus program.

The current market value of the remaining bonds is approximately US\$ 7 million, which are protected from devaluation risk as they are denominated in the US\$ and settled in the Peso upon sale, it added.

Last month, the company celebrated a move into the black on Wednesday. Net income in the three months ended 30 September was C\$5.30mIn, compared to a net loss the year before of C\$612,000.

Gross revenue surged to C\$45.88mIn from C\$30.86mIn, taking the revenue for the first nine months of the year just over the C\$100mIn mark (2014: C\$46.3mIn).

Shares in Madalena nudged up in Toronto 1.72% to stand at C\$0.29.

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)207 989 0813 action@proactiveinvestors.com

No investment advice

Price: C\$0.295

Market Cap: C\$159.914M

1 Year Share Price Graph



Share Information

Code: MVN

Listing: TSX-V

52 week High Low
0.425p 0.21p

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:

Giles Gwinnett

+44(0)1202770386

action@proactiveinvestors.com

Proactive Investors is a publisher and is not registered with or authorised by the Financial Conduct Authority (FCA). 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.