

Madalena Energy

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Madalena Energy making progress as eyes first multi-frac well in Vaca Muerta shale

Argentina focused Madalena Energy (CVE:MVN) and partners are planning a first horizontal multi-frac well on the Coiron Amargo block in the Vaca Muerta shale and expects to kick off operations in the first half of 2016.

The news was unveiled as the company posted a positive operational update on recent activity.

Madalena also told investors it had made progress on the Lower Agrio shale oil play and the Mulichinco tight sand gas play.

Madalena holds over 950,000 net acres in four provinces of the South American country and is focused on the large shale and unconventional resources in the Vaca Muerta shale, Lower Agrio shale, Loma Montosa oil play and the Mulichinco liquids-rich gas play.

This month, Madalena has successfully deepened the Yapai.x-1001 well, drilling through 550 metres of the Lower Agrio formation, with the bottom 270 metres encountering continuous oil and gas shows, it said.

The firm then drilled around 24 metres into the underlying Mulichinco formation, which it believes is sufficient to initiate a hydraulic fracture treatment in this tight sand horizon. The mud logging over this interval continued to yield good gas shows.

Elsewhere, Madalena and its partners have drilled their fifth and sixth horizontal wells in the conventional Sierras Blancas formation on the Coiron Amargo block and a seventh is being set up.

Initial 30 day production on the fifth well was 135 Bbls/d of oil and 140 Mcf/d (160 boe/d) of gas on a 6mm choke but the firm reckons the choke could be increased to 8mm to increase output.

Mackie Research repeated a 'buy' call on the shares and \$0.70 target price.

This is based on the company's growing conventional production in Argentina, and the massive upside potential the Loma Montosa, Mulichinco, Vaca Muerta, and Lower Agrio resource plays, it said.

News that the firm had begun liquidating its holdings of par value US\$ 11.1 million Argentina issued government bonds from the Petroleo Plus incentive program enhance its financial flexibility, Mackie also noted.

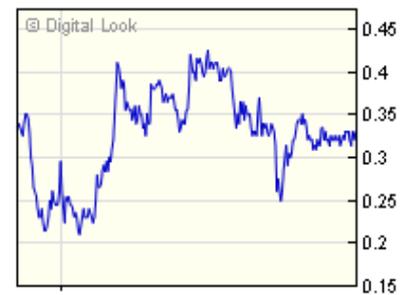
Industrial Alliance securities said: "All good news for Madalena which remains very attractive given US\$76/bbl regulated prices.

"We continue to believe Madalena provides investors with tremendous upside from both its ongoing organic drilling and

Price: C\$0.33

Market Cap: C\$178.887M

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

as a potential take-out target from one of the larger industry players looking to enter Argentina or expand existing in-country operations." It rates the shares a 'buy' and targets \$0.80. Shares today added 1.56% to C\$0.325.

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Contact us +44 (0)207 989 0813 action@proactiveinvestors.com

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