

Madalena Announces 2018 Year-End Financial Results and Q1 - 2019 Operational Update

10.04.2019 | [Newsfile](#)

(All dollar figures are expressed in United States dollars unless otherwise stated)

Buenos Aires, April 9, 2019 - [Madalena Energy Inc.](#) (TSXV: MVN) (OTCQX: MDLNF) ("Madalena" or the "Company") announces its operating and financial results for the three and twelve months ended December 31, 2018.

Madalena's CEO Jose Penafiel commented: "I am very pleased to announce Madalena achieved its first quarter of positive earnings during the fourth quarter of 2018, which I view as a clear indication that the hard work that our team has been doing is yielding a positive result for our bottom line.

Unfortunately, our timing expectations for drilling activity on our non-operated blocks have not been met, but we remain very excited about the likelihood of that work starting over coming months and we are pleased with positive results from the management of our conventional operated assets at Palmar Largo and Surubi."

CONFERENCE CALL

As previously announced, the Company plans to hold an investor conference call to discuss the Company's operating and 2018 annual financial results on Wednesday, April 10, 2019 at 8:00 a.m. MDT (10:00 a.m. EDT). Analysts and investors are invited to participate using the following dial-in numbers:

Local Dial-in Number: (+1) 587 880 2171

Toll Free Dial-in Number North America: (+1) 888 390 0546

Toll Free Dial-in Number United Kingdom: 08006522435

Toll Free Dial-in Number Argentina: 08004448221

Selected information is outlined below and should be read in conjunction with Madalena's audited consolidated financial statements for the three and twelve months ended December 31, 2018, the associated management's discussion and analysis ("MD&A") and the Annual Information Form (the "AIF") for the year ended December 31, 2018, which are available for review under the Company's profile at www.sedar.com and on the Company's website at www.madalenaenergy.com.

SUMMARY FINANCIAL AND OPERATIONAL RESULTS

	Three months ended		Twelve months ended	
	December 31 2018	December 31 2017	December 31 2018	December 31 2017
Financial – (\$000s, except per share amounts)				
Oil and gas revenue	7,822	7,804	33,337	34,334
Funds flow from (used in) continuing operations ⁽¹⁾	(190)	1,630	4,052	(2,096)
Per share - basic & diluted ⁽¹⁾	-	-	-	-
Net income (loss) - continuing operations	3,236	(19,386)	(3,172)	(33,796)

Per share - basic & diluted ⁽¹⁾	0.01	(0.03)	(0.01)	(0.06)
Capital expenditures	680	2,601	5,517	3,749
Working capital (deficiency)	(691)	(1,043)	(691)	(1,043)
Common shares outstanding - 000s	544,060	543,860	544,060	543,860
Operating				
Average Daily Sales				
Crude oil and Ngls – Bbls/d	1,505	1,588	1,534	1,782
Natural gas – Mcf/d	1,478	1,702	1,436	1,894
Total - Boe /d	1,751	1,872	1,774	2,098
Average Sales Prices				
Crude oil and Ngls - \$/Bbl	56.50	53.41	59.52	52.79
Natural gas - \$/Mcf	4.90	5.09	5.41	5.57
Total - \$/Boe	52.69	49.95	55.87	49.88
Operating Netbacks ⁽²⁾ - \$/Boe	8.59	5.95	16.47	9.77

(1) This table contains the term "funds flow from continuing operations", which is a non-GAAP measure and should not be considered an alternative to, or more meaningful than "cash flows from operating activities" as determined in accordance with International Financial Reporting Standards ("IFRS") as an indicator of the Company's performance. Funds flow from operations and funds flow from operations per share (basic and diluted) do not have any standardized meanings prescribed by IFRS and may not be comparable with the calculation of similar measures for other entities. Management uses funds flow from continuing operations to analyze operating performance and considers funds flow from continuing operations to be a key measure as it demonstrates the Company's ability to generate the cash necessary to fund future capital investment. The reconciliation between funds flow from continuing operations and cash flows from operating activities can be found in the MD&A. Funds flow from continuing operations per share is calculated using the basic and diluted weighted average number of shares for the period, consistent with the calculations of earnings (loss) per share.

(2) Operating netback is a non-GAAP measure calculated as the average per boe of the Company's oil and gas sales, less royalties and operating costs.

Q1 - 2019 OPERATIONS UPDATE

Production

Q1 2019 production was approximately 1,960 barrels of oil equivalent ("boe/d") (87% crude oil) before royalties, an increase of 13% from 1,730 boe/d in the prior quarter (86% crude oil). A significant increase from the prior quarter was driven by the signing of a new operation agreement giving Madalena a 100% interest in production from the Palmar Largo concession starting December 1 (as previously announced on November 27, 2018).

Realized Pricing

Madalena's first quarter average oil sales price was approximately \$47.91 per barrel (representing 75% of the Brent oil price of \$63.83 per barrel), as compared with the fourth quarter 2018 average price of \$56.50 per barrel (representing 82% of the Brent oil price of \$68.60 per barrel).

The first quarter average NGLs and gas sales price was approximately \$4.40 per Mcf, as compared with the fourth quarter 2018 average price of \$4.90 per Mcf.

OPERATIONAL ACTIVITIES

Palmar Largo and El Surubi

A workover was completed on the Proa-3 light oil well (Surubí, 85% operated interest) during the first quarter

of 2019. The Corporation evaluated synergies with the recently acquired adjacent Palmar Largo block (100% operated) and completed a workover in this block using the same rig. Another workover is planned. The company is still testing the wells' production capabilities, but increased production from these wells is expected to offset natural declines from other wells.

Coiron Amargo Sur Este (CASE); 35% non-operated

The Corporation announced on February 26, 2019 that it expected a 4-well drilling program in CASE to commence before the end of Q1/19. The commencement of this drilling program has been slightly delayed and the Corporation will provide updated guidance when confirmation is provided by the operator on a new timeline.

As previously described, well locations have been selected to confirm and improve on the results obtained from two previously drilled and completed wells, as well as to further delineate the continuity of productive potential in the Vaca Muerta across specific targeted areas of the CASE block.

Coiron Amargo Norte (CAN); 35% non-operated

Management's previously announced expectations for a new well targeting the Lotena Formation to be spud this year remain, but a firm spud date has not been set yet by the operator of the block.

2019 Guidance

As previously announced on February 26, Madalena's average 2019 production guidance for 2019 is 2,600-3,000 BOE/d, representing growth in average annual production of 45-68% from the 2018 average of 1,790 BOE/d. The company is targeting to exit 2019 with a production rate of 2,700-3,500 BOE/d, which implies production increasing by 56% or more from the previously reported Q4/18 average of 1,730 BOE/d.

With the start-up of drilling activities now likely to occur later than previously expected at both non-operated Coiron Amargo (CAN and CASE) blocks, and exact timing of drilling still not defined, the Company's management sees a growing risk that our production will be at the lower end of this guidance range. However, offsetting this slightly are positive results from our work-over and reservoir management activities at our operated Noroeste Basin assets (Palmar Largo and Surubi).

Upcoming News Events

We expect to announce the Company's Q1 2019 financial results in May 2019, and our Q2 2019 operations update in July 2019.

About Madalena Energy

Madalena is an independent upstream oil and gas company with both conventional and unconventional oil and gas operations in Argentina.

Madalena trades on the TSX Venture Exchange under the symbol MVN and on the OTCQX under the symbol MDLNF.

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Forward Looking Information

The information in this news release contains certain forward-looking statements. These statements relate to future events, forecasts and projections or our future performance, in particular, but not limited to, expectations with respect to Madalena's 2019 capital budget, the characteristics of the properties held by the Company, production levels, the strategic value and opportunities available to Madalena, operational, business development and financial plans including Madalena's drilling and workover plans specifically referred to herein and the expected timing in connection therewith and the Company's ability to meet its commitments and continue as a going concern. All statements other than statements of historical fact may be forward-looking statements. Forward-looking statements are often, but not always, identified by the use of words such as "seek", "anticipate", "plan", "continue", "estimate", "approximate", "expect", "may", "will", "project", "predict", "potential", "targeting", "intend", "could", "might", "should", "believe", "would" and similar expressions. These statements involve substantial known and unknown risks and uncertainties, certain of which are beyond the Company's control, including: risks relating to obtaining capital for funding operations on favorable terms or at all, the impact of general economic conditions; industry conditions; changes in laws and regulations including the adoption of new environmental laws and regulations and changes in how they are interpreted and enforced; fluctuations in commodity prices and foreign exchange and interest rates; stock market volatility and market valuations; volatility in market prices for oil and natural gas; liabilities inherent in oil and natural gas operations; uncertainties associated with estimating oil and natural gas reserves; competition for, among other things, capital, acquisitions, of reserves, undeveloped lands and skilled personnel; incorrect assessments of the value of acquisitions; changes in income tax laws or changes in tax laws and incentive programs relating to the oil and gas industry; geological, technical, drilling and processing problems and other difficulties in producing petroleum reserves; and obtaining required approvals of regulatory authorities. The Company's actual results, performance or achievement could differ materially from those expressed in, or implied by, such forward-looking statements and, accordingly, no assurances can be given that any of the events anticipated by the forward-looking statements will transpire or occur or, if any of them do, what benefits the Company will derive from them. These statements are subject to certain risks and uncertainties and may be based on assumptions that could cause actual results to differ materially from those anticipated or implied in the forward-looking statements. The forward-looking statements in this news release are expressly qualified in their entirety by this cautionary statement. Except as required by law, the Company undertakes no obligation to publicly update or revise any forward-looking statements. Investors are encouraged to review and consider the additional risk factors set forth in the Company's Annual Information Form, which is available on SEDAR at www.sedar.com.

Non-GAAP Measures

Certain financial measures in this document do not have a standardized meaning as prescribed by IFRS, such as funds flow from operations, from operations per share (basic and diluted), and operating netbacks and therefore are considered non-GAAP measures. These measures may not be comparable to similar measures presented by other issuers. These measures have been described and presented in order to provide shareholders and potential investors with additional measures for analyzing the Company's ability to generate funds to finance its operations and information regarding its liquidity. The additional information should not be considered in isolation or as a substitute for measures prepared in accordance with IFRS. The definition and/or reconciliation of each non-GAAP measure is presented in the "Netbacks" and "Reconciliation of Cash Flow from Operating Activities and Funds Flow from Continuing Operations" sections of the Company's MD&A of equal date of this press release, a copy of which is available on SEDAR at www.sedar.com.

Funds flow from continuing operations per share is calculated using the same basic and diluted weighted average number of shares for the period, consistent with the calculations of loss per share.

Operating netback is calculated as the average per boe of the Company's oil and gas sales, less royalties

and operating costs.

Meaning of Boe

The term "boe" or barrels of oil equivalent may be misleading, particularly if used in isolation. A boe conversion ratio of six thousand cubic feet of natural gas to one barrel of oil equivalent (6 Mcf: 1 bbl) is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. Additionally, given that the value ratio based on the current price of crude oil, as compared to natural gas, is significantly different from the energy equivalency of 6:1; utilizing a conversion ratio of 6:1 may be misleading as an indication of value.

Well Test Results

Well test results should be considered as preliminary and not necessarily indicative of long-term performance or of ultimate recovery. Neither a pressure transient analysis nor a well-test interpretation has been carried out on the well test data contained herein and therefore the data contained herein should be considered to be preliminary until such analysis or interpretation has been done.

Neither the TSX Venture Exchange nor its Regulation Service Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

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<https://www.rohstoff-welt.de/news/323462--Madalena-Announces-2018-Year-End-Financial-Results-and-Q1---2019-Operational-Update.html>

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