



2010 Operations Review

In the first quarter 2010, Madalena announced the sale of the Tunisia Remada Sud concession where the Company had a 15% working interest. The \$US 4 million in proceeds from the Tunisia sale combined with the gross proceeds of the short form prospectus offering of \$C 10 million raised at the end of 2009 position the company to accelerate and concentrate on its high working interest core properties in Argentina.

In the first quarter 2010, Madalena announced the completion of formal documentation for a multi-well farm-out in the Coiron Amargo Block. Three sites on separate features have been surveyed, and have approved environmental impact assessments. At least two wells will be drilled on separate features in the first stage of the farm-out arrangement and are expected to commence late second quarter to early third quarter, 2010 targeting the Sierras Blancas formation producing in the CAN X-2 well.

At Curamhuele, there are two play types the Company will be targeting to drill. Preparations are underway to drill the Truncation play during the third quarter 2010 and two well locations are currently being prepared. A location on the thrust play is also being prepared.

At Cortadera, the Company continues to evaluate the 3D seismic to high grade the best drilling location on the thrust play. The Company has also identified a Mulichinco tight gas play on the block and may consider conducting additional seismic to further evaluate the potential.