

MESSAGE TO THE SHAREHOLDERS

Dear Shareholder,

I'm pleased to report that in Egypt on our W.Gharib blocks, the Meseda-H Development Lease was approved by the Chairmen of EGPC and GPC, with final signature by the Minister of Petroleum and Mineral Resources on November 10th. Subsequently, we commenced test production on Meseda H-1X on November 16 followed by Meseda West H-1X a week later.

Meseda H-1X is currently producing approximately 400 bopd with a high oil fluid level in the annulus, choked back due to concerns about "sanding off" - producing the wellbore too hard and flowing the highly permeable sand in to the wellbore with potential shut-off problems. Production will be slowly increased. Meseda West H-1X has encountered water influx and while producing a net 50 barrels of oil per day, the well is not producing to its oil productive capability, possibly due to casing cement issues; remedial action is being considered.

Supplies for our second drilling campaign are now arriving in Egypt. This campaign will consist of five or six wells, with initial focus on development and appraisal drilling on Meseda. Drilling will commence on return of the Shengli Bohai rig which is hoped for at the end of Q1/12 or early Q2/12.

The Zaina G-1X heavy oil discovery continues under evaluation, and consideration is being given to a frac stimulation.

There continue to be no delays to our program as a result of the political transition process in Egypt, and similar to other foreign investors in the oil industry in Egypt, we are confident that Egypt will continue to be a good place to invest in to the future.

In Cameroon, President Biya was re-elected on October 9th for a further 7-year period, with a forecast of continuing peace and stability in the country.

The first negotiation session on our pending Cameroon award block concluded satisfactorily in the capital Yaounde on October 25th, and the second and final negotiation session is planned with our 'top flight' consortium on December 16. Signature of the PSC is expected by the end of January 2012.

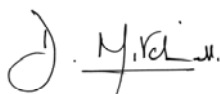
I think it worth mentioning that during recent travels to Europe and Africa, it has become very apparent to me that there is presently a major 'scramble' for Africa, a relatively poorly explored continent where some of the largest hydrocarbon discoveries in the world have been made in the last few years. Madison's strategic positioning here with a major consortium is therefore very timely.

We continue to evaluate new growth opportunities for strategic fit, and are presently conducting an in-depth technical and commercial evaluation of a new production opportunity, also in the Gulf of Suez, Egypt.

We are starting to plan our new financing for the first quarter of 2012, as the various elements of our program start coming together.

Thank you for your continuing support.

Sincerely,



David J.W. Mitchell
President and CEO