



**Coiron Amargo Sur Este Field – Drilling of Vaca Muerta Shale Oil Resource Play**  
*(All dollar figures are expressed in United States Dollars)*

Madalena Energy Inc. ("Madalena" or the "Company") (TSXV: MVN and OTCQX: MDLNF) is pleased to announce the initial results of the completion and testing of the first horizontal multi-frac well in the Vaca Muerta Shale Formation at the Coiron Amargo Sur Este ("CASE") block in Argentina.

Madalena's partner, Pan American Energy LLC, Sucursal Argentina ("PAE") is the operator at CASE with a 55% working interest. Madalena and Gas y Petroleo del Neuquén, the provincial oil and gas company in the Province of Neuquén, hold 35% and 10% working interests, respectively.

Pursuant to certain transactions described in previous news releases of the Company, the 2017 work program at CASE is comprised of two well re-entries with a net benefit to Madalena of up to \$5.6 million in carried capital costs.

**Highlights**

- PAE successfully re-entered the CAS.x-15 well and drilled horizontally for approximately 1,000 metres in the Vaca Muerta unconventional oil resource play at a vertical depth of approximately 3,200 metres;
- A liner with frac sleeves has been run and cemented. The well was completed rig-less at the end of May with 37 hydraulic frac stages with approximately 6,500 klb of proppant and 90,000 barrels of total fluid;
- The well tested an average of 430 barrels of oil per day through 3mm choke for the last four weeks;
- Recovered approximately 18% of fracture fluid during the first week and no water production has been reported since that time;
- The well CAS.x-15(ST) tested the Vaca Muerta shale structured concept, offering new insights into the play extension within the fracture trend;
- Total gross estimated cost of this re-entry is US\$8.72 million, which includes the costs for drilling, completing and equipping the well.

Jose David Penafiel, CEO of Madalena Energy commented:

*"The test results of CAS.x-15(ST) are extremely encouraging and we are now looking forward to increased production revenue as a result of this new well.*

*The well results of CAS.x-15(ST) are significant on a number of grounds. It has significantly derisked Madalena's Vaca Muerta acreage in the CASE block, supporting the company's internal contingent resources estimates. To obtain these test results from just 1000 meters and 37 frac stages is clearly satisfying, however Madalena believes*

*that with further improvements to the drilling and completion techniques, considerably more can be realised from the next wells that will be drilled on the CASE block. This result highlights the prospectivity of our Vaca Muerta Acreage, we are excited to further delineate and develop the CASE acreage with our partner Panamerican Energy.”*

## **About Madalena Energy**

Madalena is an independent, Canadian headquartered, Argentina focused upstream oil and gas company with operations in four provinces of Argentina where it is focused on the delineation of unconventional resources in the Vaca Muerta shale, Lower Agrio shale and Loma Montosa oil plays. The Company is implementing horizontal drilling and completions technology to develop both its conventional and resource plays.

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

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## **Reader Advisories**

### *Forward Looking Information*

*The information in this news release contains certain forward-looking statements. These statements relate to future events or our future performance, in particular, but not limited to, with respect to matters related to planned operations at CASE. 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: 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. There is specific risk that the CAS.x-15 well will not continue to produce at initial rates disclosed in this press release. 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](http://www.sedar.com).*

### *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.**