



**Coiron Amargo Sur Este – Drilling of Vaca Muerta 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 commencement of the first horizontal multi-frac re-entry ("the Re-entry Program") in the Vaca Muerta shale formation at Coiron Amargo Sur Este ("CASE").

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.

PAE recently mobilized a drilling rig to the CAS.x-15(ST) location to re-enter the well and Madalena was advised that the Re-entry Program commenced today. The rig will drill horizontally for approximately 1,500 metres and will target the Vaca Muerta unconventional oil resource play at a vertical depth of approximately 3,200 metres. Subsequent to drilling, the drilling rig will be de-mobilized and preparations will commence to mobilize supplies, services and equipment to complete the well with approximately 19 stages of hydraulic fracs.

The total gross estimated cost of this Re-entry Program is \$9.8 million, which includes the costs for drilling, completing and equipping the well.

Pursuant to the transactions previously described in the Company's January 11, 2017 and December 7, 2016 news releases, the 2017 work program at CASE is comprised of two well re-entries. Madalena will receive \$5.6 million in carried capital costs through this work program.

**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. 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).*

**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.**