



## **MADALENA ANNOUNCES Q2 – 2019 OPERATIONAL UPDATE**

*(All dollar figures are expressed in United States Dollars)*

Buenos Aires, Argentina, July 15, 2019 (Newsfile) - Madalena Energy Inc. ("Madalena" or the "Company") (TSXV: MVN, OTCQX: MDLNF) is pleased to announce its second quarter operations update.

Madalena's CEO Jose Penafiel commented: "We are very happy to report increased production and realized pricing levels relative to the prior quarter. Increased production was largely thanks to the previously reported positive results of our conventional work-over campaign at Surubi and Palmar Largo. We are also happy to report the 4 well drilling program on the CASE block is now in full swing, and we are looking forward to reporting further progress on those operations over coming months."

### **Q2 – 2019 Operations Update**

#### **Production**

Q2 2019 production was approximately 2,010 barrels of oil equivalent ("boe/d") (86% crude oil) before royalties, an increase of 9% from 1,843 boe/d in the prior quarter (86% crude oil).

#### **Realized Pricing**

Madalena's second quarter average oil, NGLs and gas sales price was approximately \$49.56 per boe (representing 72% of the Brent oil price of \$68.47 per barrel), as compared with the first quarter 2019 average price of \$45.21 per boe (representing 71% of the Brent oil price of \$63.30 per barrel).

#### **Operational Activities**

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

The first well of the 4 well drilling program (CASE-101h) has been successfully drilled, cased and cemented. Drilling operations of the second well (CASE-501h) are ongoing, the surface casing has

been drilled, cased and cemented and drilling of the vertical section started. Completion of the two wells is planned to be performed back to back after drilling CASE-501h.

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.

### **Guidance**

As indicated in our Q1 operations update in April, the start-up of non-operated drilling activities was delayed from our original expectations at both our core non-operated Coiron Amargo (CAN and CASE) blocks.

Although the key operations on the CASE block are now progressing and are expected to contribute to significant production growth in H2/19 and into next year, the exact timing of completions remains uncertain and is likely to result in lower average production than the range provided in our original 2019 guidance. The CASE block operator Pan American Energy will manage operations to minimize costs and maximize completion and information quality rather than accelerating onstream timing.

Production from other assets is expected to be maintained at roughly flat levels through H2/19. Natural declines are expected to be offset by continued production maintenance activities, including one additional work-over at Palmar Largo that will complete our previously announced 2019 capital spending plans for three work-overs in our Noroeste Basin conventional light oil assets.

### **Upcoming News Events**

The Company expects to announce its Q2 2019 financial results in early- to mid-August, and its Q3 2019 operations update in early- to mid-October.

### **About Madalena Energy**

Madalena is an independent upstream oil and gas company with both conventional and unconventional oil and gas operations in Argentina. The Company's shares trade 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 or our future performance, in particular, but not limited to, with respect to the characteristics of the oil and gas interests held by the Company, production volumes and management's future expectations in relation thereto for H2/2019 and beyond, timing of key operations in the CAN and CASE blocks, the expected timing for the announcements of the Company's Q2 financial results and Q3 operations update, and the expected or anticipated benefits to the Company contained in this news release either expressly or impliedly. 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; 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 operations in the CAN and CASE blocks will not be successful or will be materially delayed beyond management's current estimates. 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).*

### **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.*

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