



## MADALENA ANNOUNCES Q3 - 2018 RESULTS AND OPERATIONAL UPDATE

(All dollar figures are expressed in United States dollars unless otherwise stated)

Buenos Aires, Argentina, November 14, 2018 (Globe Newswire) - Madalena Energy Inc. ("Madalena" or the "Company") (TSXV: MVN and OTCQX: MDLNF) announces its operating and financial results for the three and nine months ended September 30, 2018. Selected information is outlined below and should be read in conjunction with Madalena's unaudited condensed interim consolidated financial statements for the three and nine months ended September 30, 2018 and the associated management's discussion and analysis ("MD&A"), which are available for review under the Company's profile at [www.sedar.com](http://www.sedar.com) and on the Company's website at [www.madalenaenergy.com](http://www.madalenaenergy.com).

### SUMMARY FINANCIAL AND OPERATIONAL RESULTS

	Three months ended September 30		Nine months ended September 30	
	2018	2017	2018	2017
<b>Financial</b> – (\$000s, except per share amounts)				
Oil and gas revenue	8,269	9,893	27,683	29,587
Funds flow from (used in) continuing operations <sup>(1)</sup>	761	41	4,246	(3,741)
Per share - basic & diluted <sup>(1)</sup>	0.00	0.00	0.00	(0.01)
Net loss from continuing operations	(2,272)	(5,702)	(6,408)	(14,423)
Per share - basic & diluted <sup>(1)</sup>	(0.00)	(0.01)	(0.01)	(0.03)
Capital expenditures	2,240	308	4,840	1,147
Working capital (deficiency)	(3,263)	(1,043)	(3,263)	(1,043)
Common shares outstanding - 000s	544,060	543,780	544,060	543,780
<b>Operating</b>				
<i>Average Daily Sales</i>				
Crude oil and NGLs – Bbls/d	1,382	1,930	1,544	1,849
Natural gas – Mcf/d	1,244	1,824	1,422	1,959
Total - Boe /d	1,590	2,234	1,781	2,176
<i>Average Sales Prices</i>				
Crude oil and NGLs - \$/Bbl	59.60	49.85	60.51	52.55
Natural gas - \$/Mcf	6.02	6.20	5.58	5.71
Total - \$/Boe	56.54	48.14	56.92	49.81
<i>Operating Netbacks</i> <sup>(2)</sup> - \$/Boe	18.08	8.62	19.08	10.87

(1) This table contains the term "funds flow from continuing operations", which is a non-GAAP measure and should not be considered an alternative to, or more meaningful than "cash flows from operating activities" as determined in accordance with International Financial Reporting Standards ("IFRS") as an indicator of the Company's performance. Funds flow from operations and funds flow from operations per share (basic and diluted) do not have any standardized meanings prescribed by IFRS and may not be comparable with the calculation of similar measures for other entities. Management uses funds flow from continuing operations to analyze operating performance and considers funds flow from continuing operations to be a key measure as it demonstrates the Company's ability to generate the cash necessary to fund future capital investment. The reconciliation between funds flow from continuing operations and cash flows from operating activities can be found in the MD&A. Funds flow from continuing operations per share is calculated using the basic and diluted weighted average number of shares for the period, consistent with the calculations of earnings (loss) per share.

(2) Operating netback is a non-GAAP measure calculated as the average per boe of the Company's oil and gas sales, less royalties and operating costs.

## Highlights in 2018

### *Coirón Amargo Sur-Este ("CASE")*

On September 18, 2018 Coiron Amargo Sur Este ("CASE") block in Neuquen, Argentina, was converted in an unconventional exploitation concession with a 35-year term. The concession was awarded after the CASE block successfully completed the evaluation phase. The operating partner of the CASE block, Pan American Energy LLC ("PAE"), holds a 55% stake. Madalena and Gas y Petroleo del Neuquen S.A. (GyP) hold stakes of 35% and 10% respectively. As part of the terms and conditions for the award of an Unconventional Exploitation Concession, the Company has agreed, together with its partners, to invest: USD 74 million (USD 25.9 million net to Madalena) to carry out a pilot plan over a two-year period (the "Pilot Plan"). The Pilot Plan includes two phases. Phase I includes the drilling of five horizontal multi-frac wells targeting the Vaca Muerta, the construction of early production facilities, investment for infrastructure improvement and social responsibility commitments. Contingent on Phase I results, three additional wells will be drilled over the following two-year period (Phase II) for an estimated amount of USD 50 million (USD 17.5 million net to Madalena). Madalena's portion of the Pilot Plan investment will be funded by drawing on its existing credit facilities.

On April 24, 2018, Madalena announced that Pan American Energy LLC ("PAE") had successfully completed and tested the second horizontal multi-frac well CAS.x-14 in the Vaca Muerta Shale Formation at the Coiron Amargo Sur Este ("CASE") block in Neuquen, Argentina. CAS.x-14 well reached a peak production of 880 barrels of oil per day through 3mm choke with 5235 psi and a 30 day average production of 600 barrels of oil per day. With a 55% stake, PAE is the operating partner of this area. The remaining 35% and 10% correspond to Madalena and GyP, respectively.

### **About Madalena Energy**

Madalena is an independent, Canadian head-quartered Argentina 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 the characteristics of the properties held by the Company, production levels, the strategic value and opportunities available to Madalena, operational, business development and financial plans, and opportunities and the ability of Madalena to execute on such plans and opportunities and the Company's ability to meet its commitments and continue as a going concern. 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).

**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.

**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.**