



MADALENA ANNOUNCES 2019 CAPITAL BUDGET OF \$38 MILLION, GUIDANCE FOR A 56% GROWTH IN PRODUCTION, AND TRANSITION FROM HISPANIA SERVICES AGREEMENT

Buenos Aires, Argentina, February 26, 2019 (Globe Newswire) - Madalena Energy Inc. ("Madalena" or the "Company") (TSXV: MVN, OTCQX: MDLNF) is pleased to announce its capital budget for 2019 of US\$38 million, together with average 2019 production guidance of 2,600-3,000 BOE/d, representing growth in average annual production of 45-68% from the 2018 average of 1,790 BOE/d. The company is targeting to exit 2019 with a production rate of 2,700-3,500 BOE/d, which implies production increasing by 56% or more from the previously reported Q4/18 average of 1,730 BOE/d. Madalena's Board of Directors approved the capital budget on February 25, 2019.

All dollar amounts are in United States dollars and all production volumes are on a working interest before royalties ("WI") basis and are expressed in barrels ("bbl") of oil equivalent ("boe"), unless otherwise indicated.

Madalena's President and Chief Executive Officer Jose Penafiel commented: "We are pleased to report our current operational plans for 2019, following completion of required technical and operating committee meetings with our partners in our various concessions. After time spent restructuring and cautious delineation of our resource potential, we expect Madalena's 2019 operating plans to yield substantial organic production growth. At the same time, we aim to continue moving forward with further delineation of our large unconventional resources in Argentina, as well as evaluating options for growth through acquisitions opportunistically."

Asset-Specific Investment Plans

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

To reduce drilling and completion costs and allow for cost optimization as drilling progresses, four wells have been budgeted and will be drilled and completed back-to-back targeting the Vaca Muerta shale with horizontal multi-stage fracturing completions. This 4-well drilling operation is expected to commence before the end of Q1/19. 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. All drilling, completion and facilities costs for the initial four wells are estimated at US\$22 million net to Madalena's 35% interest for this four-well program.

Coiron Amargo Norte (CAN); (35% non-operated)

A new well targeting the Lotena Formation is expected to spud before the end of Q1/19. Costs are estimated at \$2 million net to Madalena's 35% interest.

Curamhuele (90% operated)

Madalena is planning to drill a vertical exploration well targeting the Vaca Muerta shale during Q4/19, with a budgeted cost of \$8 million, including fracture stimulation and testing. The company is continuing efforts to farm out an interest in the block's resource potential in order to reduce its risk exposure. However, Madalena is committed to drilling and testing the well at its own cost if a farm out transaction is not completed.

Madalena is currently responsible for paying 100% of the costs during the exploration phase of the Curamhuele exploration permit.

Rinconada – Puesto Morales (100% operated)

A vertical exploration well with an approximate cost of \$2 million is planned to be drilled during the second half of 2019, targeting Sierras Blancas / Tordillo formation.

Palmar Largo and Surubi

A workover for the Proa-3 light oil well is expected to be carried out in Q1/19 on the Surubi Block (85% operated), following which the workover rig is expected to carry out two additional workovers on the adjacent Palmar Largo block (100% operated). The workovers are designed to optimize pump efficiency and stimulate the wells to boost production from three specific wells to offset natural decline from other wells in the Noroeste Basin assets. The total cost of these workovers is estimated at \$2 million.

Other

Although no significant field activities are planned for other assets in 2019, Madalena is continuing to evaluate exploration, appraisal and development options for its other assets in Argentina. Farm-out and other partnering options may be considered to limit risk exposure while ideally maintaining some upside exposure to the resource potential on these blocks.

Summary 2019 Capital Budget

The company plans to fund its budgeted capital expenditures from a combination of cash flow and drawing down of a portion of its existing loan facilities.

Note that other than the existing Pan American Energy loan which will fully fund the CASE block program, most of the planned draw down on loan facilities would not be required until the second

half of 2019, and could be adjusted if ongoing farm-out discussions result in a reduction of net costs, which is particularly relevant to planned expenditures on the Curamhuele block.

2019 Capital Budget (\$ millions, representing Madalena's respective WI obligation)

CASE	22
Palmar Largo and Surubi	3
Curamhuele	8
Lotena CAN	2
Rinconada Puesto Morales	2
Other	1
<hr/> Total	<hr/> 38

Transition from Hispania Services Agreement

The Company also announces that the services agreement with Hispania Petroleum, S.A. (“Hispania”) entered into effective May 8, 2017 (the “Services Agreement”) will terminate on March 31, 2019. The Services Agreement was initially extended in accordance with its terms following its expiration, and then for a further period to allow for it to be phased out with minimal impact to Madalena’s operations.

“Following the successful transition of Madalena’s management functions from Canada to Argentina, Madalena now has a solid internal management structure which will allow it to execute on its operational and corporate goals” commented Jose Penafiel, President and Chief Executive Officer of Madalena, and a director of Hispania. “Due not only to the management restructuring but also the integration into the Company of the services provided under the Services Agreement, Madalena no longer requires the depth of services provided by Hispania.”

Mr. Gus Halas, the Chair of the board of directors of Madalena, commented: “We are thankful for the services provided by Hispania, and are pleased with the success Madalena has achieved during the term of the Services Agreement. Hispania’s operational expertise and knowledge of the Argentinian oil and gas landscape has provided measurable value to the Company, and we are excited for the Company to embark on its next chapter under the continued management and expertise of Jose Penafiel and his team.”

Upcoming News Events

We expect to announce our 2018 year-end financial statements on or around April 11, 2019. We also expect to provide a Q1/19 operations update during April 2019.

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, forecasts and projections with respect to our future performance, in particular, but not limited to, with respect to the Company's capital budget, drilling and capital program including changes thereto along with the expected costs and the allocation of capital and drilling including costs, expected timing, and the benefits expected therefrom expressly or impliedly represented in this news release, future projected or target production, the opportunities and the ability of Madalena to execute on such plans and opportunities, production volumes and management's future expectations in relation thereto, and the Company's ability to meet and finance its commitments under the CASE, CAN, Curamhue, Puesto Morales and Palmar Largo and Surubi concessions. 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; the ability of Madalena's partners to finance their portions of WI in the respective concessions; 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 production; incorrect assessments of the value of the benefits to be derived by the Company from its interest in the concessions listed herein, 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 workovers, drilling and other operations planned and described herein will not be successful or that the Company's oil and gas interests will not produce at rates anticipated or at all. 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.

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.

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.