



## **MADALENA ANNOUNCES 2019 FIRST QUARTER FINANCIAL RESULTS AND OPERATIONAL UPDATE**

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

Buenos Aires, Argentina - (Newsfile Corp. – May 15, 2019) - Madalena Energy Inc. ("Madalena" or the "Company") (TSXV: MVN, OTCQX: MDLNF) is pleased to announce its financial and operating results for the three months ended March 31, 2019.

Madalena's CEO Jose Penafiel commented: "Our operating netback declined in Q1/19 due to a combination of lower market prices for oil, and higher-than normal operating costs caused primarily by work-overs carried out during the quarter at our conventional Noroeste Basin assets. We continue to expect the results of those workovers to drive improved results in Q2/19 and beyond. And we are very excited to report, as previously announced, that operations have begun on a multi-well drilling program on the Coiron Amargo Sur Este block, targeting the prolific Vaca Muerta shale with drilling and completion methods that are hoped to further optimize economics relative to previously drilled wells on the block. We are also pleased to announce the approval of a 2 year extension on the Curamhuele block that is in the condensate window of the Vaca Muerta play."

### **CONFERENCE CALL**

As previously announced, the Company will hold an investor conference call to discuss the Company's operating and financial results on Thursday, May 16, 2019 at 8:00 a.m. MDT (10:00 a.m. EDT). Analysts and investors are invited to participate using the following dial-in numbers:

Local Dial-in Number: (+1) 587 880 2171

Toll Free Dial-in Number North America: (+1) 888 390 0546

Toll Free Dial-in Number United Kingdom: 0800 652 2435

Toll Free Dial-in Number Argentina: 0800 444 8221

## **SUMMARY FINANCIAL AND OPERATIONAL RESULTS**

Selected information is outlined below and should be read in conjunction with Madalena's unaudited condensed interim consolidated financial statements for three months ended March 31, 2019 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).

	Three months ended	
	Mar 31	
	2019	2018
<b>Financial – (\$000s, except per share amounts)</b>		
Oil and gas revenue	7,498	9,612
Funds flow from (used in) continuing operations <sup>(1)</sup>	(1,031)	1,072
Per share - basic & diluted <sup>(1)</sup>	-	-
Net loss from continuing operations	(626)	(622)
Per share - basic & diluted <sup>(1)</sup>	-	-
Capital expenditures	1,145	613
Working capital (deficiency)	(2,063)	(991)
Common shares outstanding - 000s	544,060	544,024
<b>Operating</b>		
<i>Average Daily Sales</i>		
Crude oil and Ngl's – Bbls/d	1,585	1,646
Natural gas – Mcf/d	1,547	1,603
Total - Boe /d	1,843	1,914
<i>Average Sales Prices</i>		
Crude oil and Ngl's - \$/Bbl	48.35	59.88
Natural gas - \$/Mcf	4.31	5.12
Total - \$/Boe	45.21	55.81
<i>Operating Netbacks<sup>(2)</sup> - \$/Boe</i>	3.65	15.42

(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.*

## **Operations Update**

### **Production**

April production was approximately 2000 barrels of oil equivalent ("boe/d") (86% crude oil) before royalties, compared to 1,960 boe/d in the first quarter of 2019. Production increases were driven by increased production from two work-overs completed during the first quarter in the Palmar Largo and Surubi blocks in the Noroeste Basin, which offset natural declines from other producing wells.

### ***Curamhuele; 90% operated***

The company received approval for a 2 year extension on the Curamhuele concession based on its proposal to drill one vertical well in a new location to vertically test Vaca Muerta and Lower Agrio formations.

On May 13, 2019 the extension was approved by the Minister of Energy and Natural Resources for the province of Neuquen which granted an additional twenty four months expiring March 9<sup>th</sup>, 2021 for the exploratory period of the concession.

The company continues to pursue a potential farm out of Curamhuele. In the event that acceptable terms are not achievable the company plans to move forward to fulfill the commitment to drill the vertical well to test Vaca Muerta and Lower Agrio formations.

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

As previously announced on May 13, 2019, a drilling rig was mobilized and commenced drilling of the CASE-101h well during the first week of May. The CASE-101h well is the first of a planned four-well drilling program. The plan as currently defined is for the drilling rig to complete the vertical section of each of the planned four wells in succession, following which a separate rig is expected to be used to drill the horizontal well sections of all four wells, prior to completion operations being carried out.

### ***Palmar Largo and El Surubi***

As previously announced, two well workovers were carried out in the Noroeste Basin in the first quarter. Due to stabilized production since the intervention that replaced the jet pump system in the Proa-3 light oil well (Surubí, 85% operated interest), management estimates an increase of

approximately 60 Bbl/d as a result of the workover. Proa-3 production prior to the workover was approximately 190 Bbl/d versus current production of approximately 250 Bbl/d.

The second workover carried out in the first quarter replaced the tubing string and gas lift system in the Palmar Largo-18 well (Palmar Largo, 100% operated interest) in March. Rigless stimulation is planned in June after well clean-up.

A second Workover in Palmar Largo has been postponed due to long lead items delivery time and workover rig availability.

### **Upcoming News Events**

We expect to announce our Q2 2019 operations update in early July, and our Q2 financial results in early- to mid-August.

### **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.

### **For further information please contact:**

Jose David Penafiel  
Chief Executive Officer  
email: [info@madalenaenergy.com](mailto:info@madalenaenergy.com)  
phone: (403) 262-1901

Ezequiel Martinez Ariel  
CFO  
Email: [info@madalenaenergy.com](mailto:info@madalenaenergy.com)  
Phone: (403) 262-1901

or

Jamie Somerville  
Hoot Research /  
Storyboard Communications  
Email: [info@hootresearch.com](mailto:info@hootresearch.com)  
phone: (403) 770-1545

### **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 estimated production levels, anticipated development programs for the Company's assets, production increases resulting from recent workovers, as well as the timing estimates of various workovers and drilling programs. 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; incorrect assessments of the anticipated increases to production derived from the Company's workovers and other programs, 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 described herein will not be successful or will not result in the production increases 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](http://www.sedar.com).*

#### **Non-GAAP Measurements**

*The Company utilizes certain measurements that do not have a standardized meaning or definition as prescribed by IFRS and therefore may not be comparable with the calculation of similar measures by other entities, including operating netback and funds flow from continuing operations. Readers are referred to advisories and further discussion on non-GAAP measurements contained in the Company's MD&A. 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. 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.*

#### **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.**