



MADALENA ANNOUNCES Q3 – 2019 OPERATIONAL UPDATE, INCLUDING DRILLING PROGRESS AT COIRON AMARGO SUR ESTE

(All dollar figures are expressed in United States Dollars)

Buenos Aires, Argentina, October 17, 2019 (Newsfile Corp.) - Madalena Energy Inc. ("Madalena" or the "Company") (TSXV: MVN, OTCQX: MDLNF) is pleased to announce its third quarter operations update.

Madalena's CEO Jose Penafiel commented: "As stated when we announced the initial production results from our first of an ongoing multi-well drilling program during September, we are very happy with progress to date and initial results from the ongoing multi-well drilling program on the Coiron Amargo Sur Este (CASE) block. While we have no material news to report from other operations, we are happy to say we are diligently managing those assets to maintain roughly flat conventional production.

We would like to thank the entire Madalena team, our partners, and all our supporters for getting us this far. We remain confident that Madalena has assembled a strong and well organized team that can successfully weather this period of increased uncertainty in Argentina."

Q3 – 2019 Operations Update

Production

Q3 2019 production was approximately 2,200 barrels of oil equivalent ("boe/d") (88% crude oil) before royalties, an increase of 9.5% from 2,010 boe/d in the prior quarter (86% crude oil).

Realized Pricing

Madalena's third quarter average oil, NGLs and gas sales price was approximately \$39.72 per boe (representing 64% of the Brent oil price of \$62.03 per barrel), as compared with the second quarter 2019 average price of \$49.09 per boe (representing 72% of the Brent oil price of \$68.47 per barrel).

Short-term oil prices

As previously noted, the Government of Argentina issued a time limited Emergency Decree on August 9 in an attempt to temporarily control prices at the fuel pumps for end consumers. An additional Emergency Decree was issued at the start of September adjusting the mechanics for calculating allowable pricing of crude oil produced in Argentina. The overall effect of these decrees is that short-term oil pricing in Argentina has been decreased by government regulation. Future policy beyond the emergency measures is difficult to predict, however a larger differential to Brent is expected to continue through the Federal Presidential elections on October 27, and potentially beyond, through year-end 2019.

Capital Controls

On September 1, Argentina's Government announced currency controls aimed at reducing market volatility and containing the impact of fluctuations of financial flows on the economy. The controls have required increased communication with customers and suppliers and some increased administrative activities for the Company's finance teams; however, the measures do not restrict trade and are not expected in any material way to adversely affect Madalena's ability to carry out operations in its normal course of business.

Operational Activities

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

As announced on September 26, Pan American Energy ("PAE"), Madalena's Partner, successfully completed and tested the first horizontal multi-frac well CASE-101h in the Vaca Muerta Shale Formation at the Coiron Amargo Sur Este ("CASE") block in Argentina. CASE- 101h is the first of a five well program planned for this year.

The CASE-101(h) was drilled with an approximate horizontal lateral length of 2,000 meters at a vertical depth of approximately 3,160 meters. The well has been connected to early production facilities and achieved a 30 day average initial production ("IP30") rate of 1,020 barrels of oil per day.

The second well ("CASE-501h") has been drilled, cased and cemented with a similar horizontal lateral length of 2,000 meters. The CASE-501h well is currently waiting on completion. Drilling of the remaining wells of the five well program, the CASE-401h, CASE-201h and CASE-301h remains ongoing with three drilling rigs.

These 5 wells are part of the pilot program covered by the loan facility that Madalena has with PAE which is expected to be repaid with the net production proceeds from 100% of Madalena's interest in the CASE block. Madalena holds a 35% working interest in the CASE block. 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.

Curamhuele (90% operated)

Madalena plans to drill a vertical exploration well targeting the Vaca Muerta and Lower Agrio shales during 2020. 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)

Preparations are ongoing for spudding prior to year-end of a vertical exploration well targeting the Sierras Blancas and Tordillo formations, with an approximate estimated cost of US\$2 million including testing and completion.

Guidance

Ongoing operations on the CASE block are expected to contribute to significant production growth through year-end 2019, but the exact timing of completions remains uncertain. The CASE block operator, PAE, will manage operations to minimize costs and maximize completion and information quality, rather than accelerating onstream timing.

Upcoming News Events

The Company expects to announce its Q3 2019 financial results in late November, and its Q4 2019 operations update in early- to mid-January.

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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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 oil and gas interests held by the Company, production volumes and management's future expectations in relation thereto for Q4 2019 and beyond, timing of key operations in the CAN and CASE blocks, timing of key operations in the Curamhuele exploration, timing of key operations in the Rinconada – Puesto Morales block, the expected timing for the announcements of the Company's Q3 financial results and Q4 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; uncertainties associated with exploration activities; 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. There is specific risk that the operations and exploration in the Curamhuele exploration will not be successful or will be materially delayed beyond management's current estimates. There is specific risk that the operations and exploration of the Rinconada – Puesto Morales project 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.

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

As per CSA Staff Notice 51 – 327, initial test results and initial production performance, including references to 30 day average initial production rates contained herein, should be considered preliminary data and such data is 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.