

(All dollar figures are expressed in United States Dollars)

CALGARY, May 30, 2017 /CNW/ - [Madalena Energy Inc.](#) ("Madalena" or the "Company") (TSXV: MVN and OTCQX: MDLNF) is pleased to provide its operating and financial results for the three months ended March 31, 2017. Selected information is outlined below and should be read in conjunction with Madalena's unaudited condensed interim consolidated financial statements for the three months ended March 31, 2017 and the associated management's discussion and analysis, 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).

## Outlook

Madalena has successfully completed the strategic alternatives process which it initiated in June 2016. On May 8, 2017, Madalena entered into a series of agreements with Hispania Petroleum S.A., ("Hispania") a private, family-owned Spanish energy company which has operated in multiple countries, including Argentina, for three generations. The agreements provide for a package of debt and mezzanine financing which, once completed, are expected to alleviate Madalena's liquidity challenges (the "Working Capital Loan") and provide the Company access to growth capital for drilling and investment activities (the "Capex Loan"). These agreements are subject to certain regulatory and shareholder approvals. The Company expects to hold its annual and special meeting of shareholders in July 2017 to, among other things, approve the Capex Loan.

Jose David Penafiel, Hispania's CEO, was appointed CEO of Madalena effective May 8, 2017 and he and Alejandro Augusto Penafiel have joined Madalena's Board of Directors. Effective May 31, 2017, Alejandro Penafiel will assume the Interim CFO role as the Company conducts a search for a permanent CFO.

In order for new management to successfully transition and streamline operations, the companies have entered into a services agreement (the "Services Agreement") whereby Hispania's personnel, in Argentina and elsewhere, will be made available to Madalena.

As a result of transferring the executive management functions to Argentina, the Interim President and Chief Executive Officer and the Vice President, Exploration and New Ventures departed the Company on May 8, 2017 and the Vice President, Finance and Chief Financial Officer will depart on May 31, 2017.

## Recent Highlights in 2017

- Madalena closed the previously announced Coirón Amargo Sur Este ("CASE") transaction in January 2017, providing the Company with cash payments of \$10 million, \$3 million of which was received in December 2016 and the balance in January 2017;
- The 2017 work program at CASE has commenced. A Vaca Muerta horizontal trajectory of approximately 1,000 meters has been drilled and a liner has been run at CAS.x-15(r)(h);
- Madalena repaid and closed its \$1.6 million Argentine debt facility in February 2017;
- Argentine oil prices are expected to converge with international Brent pricing over the coming months;
- Madalena sold 1.5 million free-trading shares of [Point Loma Resources Ltd.](#) ("Point Loma") in January 2017 for net proceeds of \$0.5 million; and
- The Company sold 4.7 million escrowed common shares in Point Loma in April 2017 for gross cash proceeds of \$0.8 million.

## SUMMARY FINANCIAL AND OPERATIONAL RESULTS

Three months ended

March 31

2017 2016

Financial &ndash; US Dollars (\$000s, except per share amounts)

Oil and gas revenue	10,336	14,811
Funds flow from (used in) operations <sup>(1)</sup>	(2,998)	3,159
Per share - basic & diluted <sup>(1)</sup>	(0.01)	0.01
Net income (loss)	320	(6,491)
Per share &ndash; basic and diluted	0.00	(0.01)
Capital expenditures	665	4,861
Working capital	5,232	(4,413)
Common shares outstanding - 000s	543,780	542,100

Operating

Average Daily Sales

Crude oil and Ngls &ndash; Bbls/d	1,899	2,409
Natural gas &ndash; Mcf/d	2,005	2,976
Total - Boe /d	2,233	2,905

Average Sales Prices

Crude oil and Ngls - \$/Bbl	55.70	62.19
Natural gas - \$/Mcf	4.53	4.35
Total - \$/Boe	51.43	56.03

Operating Netbacks <sup>(2)</sup> - \$/Boe	15.87	24.82
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(1) This table contains the term "funds flow from (used in) continuing operations", which is a non-GAAP measure and should not be considered an alternative to, or more meaningful than "cash flow from (used in) operating activities " as determined in accordance with International Financial Reporting Standards ("IFRS") as an indicator of the Company's performance. Funds flow from (used in) operations and funds flow from (used in) 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 (used in) continuing operations to analyze operating performance and considers funds flow from (used in) 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 (used in) continuing operations and cash flow from (used in) operating activities can be found in the MD&A. Funds flow from (used in) 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.

As at March 31, 2017, the Company reported net income from continuing operations of \$0.3 million, had working capital of approximately \$5.2 million and significant future capital commitments to develop its properties. It is anticipated that currently available resources in addition to forecasted cash flow from operating activities will not be sufficient to resolve the anticipated capital commitments through 2017 and 2018.

As a result, for the three months ended March 31, 2017, the Company continues to include a note of going concern uncertainty in the condensed interim consolidated financial statements.

## About Madalena Energy

Madalena is an independent, Canadian headquartered, Argentine focused upstream oil and gas company with operations in four provinces of Argentina where it is primarily focused on the delineation of unconventional oil and gas resources. 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.

## 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 matters related to addressing the Company's liquidity challenges, the Company's future plans and the timing of certain matters. 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).

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.

SOURCE [Madalena Energy Inc.](#)

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