



Madalena Announces Assignment of Convertible Loan

CALGARY, Alberta, Aug. 14, 2017 -- Madalena Energy Inc. ("Madalena" or the "Company") (TSXV:MVN) (OTCQX:MDLNF) announces that Hispania Petroleum S.A. ("Hispania") has assigned the convertible loan provided by Hispania to the Company pursuant to the convertible loan agreement dated May 8, 2017 (the "Capex Loan") to KD Energy International Capital Limited ("KD Energy"), a British Virgin Islands company wholly-owned by family trusts of Mr. Jose D. Penafiel and Mr. Alejandro Penafiel (the "Assignment"). Pursuant to the terms of the Assignment, Hispania shall remain responsible for the obligations of KD Energy under the Capex Loan.

Madalena has provided its consent to the Assignment, which is required pursuant to the terms of the Capex Loan, as it understands that the Assignment was undertaken by Hispania and KD Energy for succession planning within the Penafiel family, which family holds, directly or indirectly, all of the issued and outstanding common shares of each Hispania and KD Energy.

Pursuant to Section 1.10(a) of Policy 4.1 of the TSX Venture Exchange ("TSXV") Corporate Finance Manual ("Policy 4.1"), if the issuance of securities pursuant to a private placement will result in the creation of a new "Control Person", then the TSXV will require the company to obtain shareholder approval. The Capex Loan is considered, for the purposes of Policy 4.1, to be a private placement and the TSXV defines "Control Person" as any person that holds or is one of a combination of persons that holds a sufficient number of any of the securities of a company so as to affect materially the control of the company, or that holds more than 20% of the outstanding common shares except where there is evidence showing that the holder of those securities does not materially affect the control of the company. Pursuant to the terms of the Capex Loan, it is likely that KD Energy will acquire or have the ability to acquire more than 20% of the outstanding common shares in the capital of Madalena and thereby become a "Control Person" of the Company. The Capex Loan will not proceed unless (among other things) shareholder approval has been obtained by the Company in the manner prescribed by Section 1.10 of Policy 4.1 for the creation of KD Energy as a "Control Person". It is anticipated that Madalena shareholder approval for the creation of KD Energy as a "Control Person" will be sought at the Company's upcoming annual and special meeting of shareholders.

About Madalena Energy

Madalena is an independent, Canadian 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.

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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 matters related to 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; third-party performance; 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.

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.