FORM 51-102F3
MATERIAL CHANGE REPORT

1. Name and Address of Company

Madalena Energy Inc. ("**Madalena**" or the "**Company**")
c/o 1600, 333 -7th Avenue SW
Calgary, Alberta
T2P 2Z1

2. Date of Material Change

April 7, 2019

3. News Release

A news release concerning the subject matter of this material change report was disseminated through the facilities of Newsfile Corp. on April 9, 2019.

4. Summary of Material Change

On April 7, 2019, the Company entered into an amended and restated convertible loan agreement (the "**Amended and Restated Loan Agreement**") with KD Energy International Capital Limited ("**KD Energy**") and Hispania Petroleum S.A. ("**Hispania**"). The Company also concurrently entered into an amended agreement (the "**Working Capital Loan Amending Agreement**", and together with the Amended and Restated Loan Agreement, referred to herein as the "**Agreements**") to extend the term of the working capital loan agreement between the Company and Hispania (the "**Working Capital Loan Agreement**").

5. Full Description of Material Change

5.1 Full Description of Material Change

The Amended and Restated Loan Agreement replaces the convertible loan agreement entered into between Hispania and the Company on May 8, 2017, which was subsequently assigned by Hispania to KD Energy (the "**Capex Loan Agreement**"). Key amendments include an extension of the expiry date from May 8, 2020 to May 8, 2023, an increase in the conversion price to CAD 0.225 (subject to adjustment), the right of KD Energy to designate Jose David Penafiel and one additional representative to the board of directors ("**Board**") during the term of the Amended and Restated Loan Agreement, and an expansion to the purposes for which the Company can draw on the loan to include acquisitions of oil and gas assets, subject to consent of KD Energy. The expiry date of the Working Capital Loan Agreement which is in the aggregate amount of USD 6.5 million and carries an interest rate of 7% per annum has also been extended to May 8, 2023.

The Amended and Restated Loan Agreement provides for the original multi-drawdown convertible loan of up to USD 16.5 million, with interest accruing at 7% per annum, with each drawdown and accrued interest repayable thirty-six months after drawdown. The Amended and Restated Convertible Loan is convertible into units ("**Units**") with each Unit comprised of one common share of the Company ("**Common Share**") and 0.22 of a

Common Share purchase warrant ("**Warrant**"), with each Warrant entitling the holder to purchase an additional Common Share with an exercise price of CAD 0.225 for a period of 18 months after the date of issuance.

The Amended and Restated Loan Agreement remains subject to regulatory approval, including that of the TSX Venture Exchange and the Company's shareholders pursuant to the requirements of Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions* ("**MI 61-101**") and the policies of the TSX Venture Exchange. Copies of the Agreements can be found on the Company's SEDAR profile at www.sedar.com.

Related Party Transactions

As Alejandro Augusto Penafiel and Jose David Penafiel are principals of KD Energy, and Jose David Penafiel is a director of Hispania, the Amended and Restated Loan Agreement and the Working Capital Loan Amending Agreement are deemed to be "related party transactions" as defined under MI 61-101.

The Amended and Restated Loan Agreement is not subject to the formal valuation requirements of MI 61-101. Approval from the shareholders of the Company will be required for the amendment of the conversion price under the Amended and Restated Loan Agreement.

The Working Capital Loan Amending Agreement is not subject to the formal valuation requirements of MI 61-101, and is exempt from the shareholder approval requirements pursuant to section 5.7(f) of MI 61-101 as the Working Capital Loan Amending Agreement is on reasonable commercial terms that are not less advantageous to Madalena than if the loan were obtained from a person dealing at arm's length with Madalena, and the loan is not (i) convertible, directly or indirectly, into equity or voting securities of Madalena or a subsidiary of Madalena, or otherwise participating in nature, or (ii) repayable as to principal or interest, directly or indirectly, in equity or voting securities of Madalena or a subsidiary of Madalena.

The disinterested members of the Board reviewed and approved the Agreements based in part upon the recommendation made to the Board by a special committee of independent directors which was appointed by the disinterested members of the Board and given the mandate to, among other things, negotiate the terms of the Agreements with the interested parties. The Company's business reasons for entering into the Agreements were to (i) extend the term of the Agreements beyond their initial expiry date, (ii) broaden the scope for which the Capex Loan Agreement could be drawn upon by the Company, (iii) provide KD Energy with the right to designate Jose David Penafiel and one additional representative to the Board, a right formerly held by Hispania pursuant to a services agreement between the Company and Hispania which terminated on March 31, 2019, and (iv) to increase the conversion price pursuant to the Capex Loan Agreement to $0.225 to align management and the shareholders of the Company. The agreements are expected to improve the Company's ability to fund its business activities as a result of the extension of the terms of the Agreements and the expanded scope for which the Amended and Restated Loan Agreement can be drawn upon. The Agreements do not result in a material change in the percentage of securities of Madalena held by the interested parties.

The Company did not file a material change report in respect of the Agreements at least 21 days before entering into the Agreements, as the terms of the Agreements were not finalized until close to the date of signing and the Company wished to enter into the Agreements expeditiously upon receiving Board approval.

5.2 Disclosure for Restructuring Transactions

Not applicable.

6. Reliance on subsection 7.1(2) of National Instrument 51-102

Not applicable.

7. Omitted Information

Not applicable.

8. Executive Officer

Jose David Penafiel
Chief Executive Officer
Madalena Energy Inc.
Phone: (403) 262-1901

9. Date of Report

April [●], 2019

Forward Looking Information

The information in this material change report certain forward-looking statements. These statements relate to future events or our future performance, in particular, but not limited to, the Company's ability to obtain the required regulatory approvals for the loan amendments, including that of the TSX Venture Exchange and the Company's shareholders where applicable, and statements regarding the expectations as to the business operations of the Company going forward. 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 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 material change report 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.*