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TSXV Trading Symbol: MVN  
OTC Trading Symbol: MDLNF

### MADALENA ANNOUNCES 2015 CAPITAL BUDGET AND CORPORATE UPDATES

Madalena Energy Inc. ("**Madalena**" or the "**Company**") (TSXV: **MVN** and OTC: **MDLNF**) is pleased to announce its 2015 capital program of CDN\$48.2 million (the "**2015 Capital Budget**"). The 2015 Capital Budget, which is anticipated to be funded by funds generated from operations and working capital, will focus on the Company's strategic unconventional and scaleable resource plays in Argentina with additional capital targeted primarily for Argentinean conventional development and for operational improvements to reduce costs and provide necessary infrastructure. The 2015 Capital Budget will focus on:

- Vaca Muerta shale (oil) delineation at Coiron Amargo
- Sierras Blancas (oil) horizontal development at Coiron Amargo
- Lower Agrio shale (oil) appraisal activities at Curamhuele
- Mulichinco tight sand (gas and NGLs) appraisal activities at Curamhuele
- Loma Montosa (oil) horizontal development at Puesto Morales

The 2015 Capital Budget builds upon the Company's primary strategy of shale appraisal, development and delineation in Argentina and continues the commitment to reserves growth and value creation. The 2015 Capital Budget also allows the Company to fulfill all of its 2015 contractual and regulatory obligations.

### CAPITAL PROGRAM FUNDING

The Company expects to fund the 2015 Capital Budget with funds generated from operations and existing positive working capital. Oil prices continue to be regulated in Argentina; therefore, 90% of the Company's oil is currently based upon a posted price of US\$ 83.90/Bbl, which results in an average wellhead oil price of approximately US\$ 80.00/Bbl for Argentinean oil production.

### FINANCIAL RESILIENCE

As of September 30, 2014, Madalena had positive working capital of \$18 million and had not drawn on its CDN\$13 million credit facilities.

Management and the Board will be vigilant to protect the financial position of the Company in order to maintain capital expenditures within 2015 forecast cash flow and existing working capital. We will constantly monitor the current political and market conditions and the volatile commodity price environment, all with a view to Madalena's contractual and regulatory commitments.

### STRATEGIC AND NON-CORE ASSETS

The Company has sought and continues to actively seek joint venture opportunities which would permit it to accelerate the exploration and development of its properties. Furthermore, the Company is committed to rationalizing select non-core assets in both Argentina and Canada, as appropriate. Success in these areas would

generate additional capital that could in turn be used to expand the capital program on the Company's strategic assets.

## **EXECUTIVE DEPARTURE**

The Company also announces the departure of Mr. Brent Foster, VP Engineering, from the Company, effective Friday, December 19, 2014. We thank Mr. Foster for his contributions to the Company over the past two years.

## **ABOUT MADALENA – International and Domestic Assets**

Madalena is an independent, Canadian-based, international and domestic upstream oil and gas company whose focus is on exploration, development and production of crude oil, natural gas liquids and natural gas in Argentina.

In Argentina, Madalena holds over 950,000 net acres across five provinces where it is focused on the delineation of large petroleum in-place shale and unconventional resources in the Vaca Muerta and Agrio shales, in addition to multiple tight sand plays. The Company is implementing horizontal drilling and completions technology to develop its high impact conventional and resource plays.

In Canada, Madalena's production operations are located in the Greater Paddle River area of west-central Alberta where the Company holds approximately 200 gross (150 net) sections of land (approximately 79% average W.I.) producing light oil and liquids-rich gas. Madalena's domestic production is largely operated and contains a significant inventory of additional horizontal development locations.

Madalena trades on the TSX Venture Exchange under the symbol MVN and on the OTC 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 properties held by the Company, current and future production levels, the strategic value and opportunities available to Madalena, capital expenditure, operational and business development plans and the ability of Madalena to execute on such plans. Statements relating to "reserves" are also deemed to be forward looking statements, as they involve the implied assessment, based on certain estimates and assumptions, that the reserves described exist in the quantities predicted or estimated and that the reserves can be profitably produced in the future. 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. In particular, this news release contains forward-looking statements pertaining to operational activities to be conducted by the Company. 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.**