



200, 707 – 7 Avenue SW  
Calgary, Alberta T2P 3H6  
Telephone: (403) 262-1901  
Facsimile (403) 262-1905  
TSXV Trading Symbol: MVN  
OTC Trading Symbol: MDLNF

### **Madalena Provides Operational Outlook, Recommences Drilling Activities and Announces 2014 Budget and Guidance**

**Calgary, July 30, 2014: Madalena Energy Inc.** ("Madalena" or the "Company") (TSXV: MVN and OTC: MDLNF), is pleased to announce that it has approved a CDN\$ 36 million budget for the remainder of 2014 and to provide an overview of the Company's operational priorities through the 2015 calendar year.

#### ***Key Focus Areas and Company Priorities:***

Madalena is positioned within the Argentine energy sector with a solid platform for future growth across 14 concessions and is focused on delivering a balanced approach towards both conventional oil and gas development and the delineation of the Company's unconventional shale and tight sand resources. The Company also has a land base with over 150 net sections (>100,000 net acres) in Western Canada with a large inventory of horizontal development locations.

Madalena has a strong portfolio of assets in Argentina including approximately 1 million net acres of land, a stable production base, an extensive inventory of low-risk development drilling opportunities, a portfolio of conventional exploration and appraisal assets and a large-petroleum-in-place set of unconventional shale (Vaca Muerta and Lower Agrio shales) and tight sand resources.

Over the next 17 months, Madalena plans to invest the Company's cash flow and financial resources on its conventional opportunities and to execute a delineation strategy on the Company's unconventional shale and tight sand resources within the Neuquén basin.

Madalena is focused on creating shareholder value through a balanced business strategy focused primarily on a combination of lower risk development activities and unconventional shale and tight sand delineation strategy. Key focus areas and priorities are as follows:

#### ***Priority #1: Conventional Development – Horizontal Drilling & Workover Programs***

To build the Company's production platform, conventional development will be a key priority and will include implementing horizontal drilling and multi-stage frac technology both internationally and domestically. In Argentina, on the Coiron Amargo, Puesto Morales and Rinconada South blocks, the Company plans to execute horizontal drilling programs in both the Sierras Blancas light oil reservoir and the Loma Montosa oil resource play. In Western Canada, the Company plans to drill additional horizontal Ostracod oil wells to increase oil production and to further advance this project across the Company's prospective land base.

Horizontal drilling operations in the Sierras Blancas and Ostracod oil developments will proceed through the remainder of 2014 with the drilling of four to five wells. A multi-well drilling program in the Loma Montosa oil resource play is being planned for 2015 at the Puesto Morales field.

Additionally, Madalena is planning to execute a multi-well workover program in 2014 and 2015 to optimize production across its producing fields in Argentina. Specifically, the Company plans to conduct four workovers in its Puesto Morales field before the end of 2014.

***Priority #2: Unconventional Shale & Tight Sand Resources – Advancing a Delineation Strategy***

Industry activity near Madalena's unconventional blocks within the Neuquén basin continues to increase and Madalena is well positioned with exposure to the evolving shale and tight sand plays at Corion Amargo, Curamhuele and Cortadera. As part of a balanced business strategy to unlock value, Madalena is planning to conduct vertical and/or horizontal activities in the Vaca Muerta shale, Lower Agrio shale and Mulichinco tight sand plays.

For the remainder of 2014, on the Coiron Amargo block, Madalena plans to continue its delineation activities in the Vaca Muerta shale with a fracture treatment at the CAS.x-15 vertical well (previously drilled) and a new vertical well to be drilled and multi-stage fraced at the CAS.x-16 location. Rigs have been secured for these activities. Also in 2014, on the Cortadera block, Madalena expects to conduct a re-entry targeting the Mulichinco tight sand in the previously drilled CorS.x-1 deep vertical test.

The Company also plans to move forward at Curamhuele on its unconventional resources in the Lower Agrio shale and Mulichinco tight sands by re-entering two existing wells (Yp.x-1001 and Ch.x-1) to conduct drilling, multi-stage frac and testing operations in these zones of interest. Timing of this work is currently planned for late 2014 or Q1-2015. Madalena is currently working to source a drilling rig and other services for this program. In response to offsetting industry activity, Madalena is also further evaluating the Vaca Muerta shale across the Curamhuele block.

***Priority #3: Exploration and Appraisal Potential Across Multiple Blocks***

Madalena's realigned Canadian and Argentine staff is now able to put additional focus on select business development initiatives related to potential block farm-outs. Madalena's strategy is to focus the Company's cash flow and financial resources on its development assets and the delineation of its unconventional resources (as described above). The Company will concurrently pursue a farm-out strategy to create value on select exploration and appraisal blocks.

***Operations Update: Drilling Recommences***

Madalena plans to recommence drilling operations in both Argentina and Western Canada in August 2014. At Madalena's Coiron Amargo block in the Neuquén basin, drilling operations are commencing on a three well program with the initial well a horizontal well on the Sierras Blanca light oil play. Upcoming drilling operations in Western Canada will include two horizontal development wells on the Ostracod oil play.

***Corporate Update: Focused Team, 2014 Budget and Guidance***

Subsequent to closing the recent acquisition of Gran Tierra's Argentine business unit, Madalena has integrated the Canadian and Argentina based corporate, operational and technical teams. With an experienced, full cycle team in place on the ground in Argentina, Madalena is able to efficiently operate all aspects of its oil and gas business in Argentina.

Madalena's board and management team is focused on delivering positive results and has established a capital budget for the remainder of 2014 of CDN\$ 36 million. This budget is focused on a combination of high impact horizontal wells in the Sierras Blancas oil play, development horizontals in the Ostracod oil play, re-entries and workovers for production optimization, and unconventional shale delineation activities.

At the end of 2014, the Company expects to be in a positive working capital position with no debt and a strong balance sheet with financial flexibility. Madalena expects to grow production for the remainder of 2014 and estimates to exit 2014 with corporate production of approximately 5,200 boe/d to 5,400 boe/d (72% oil and NGLs) while also advancing the Company's unconventional shale resources. Madalena currently has an undrawn bank facility of \$13 million with a major Canadian bank.

***About Madalena – International and Domestic Assets***

Madalena is an independent, Canadian-based, international and domestic upstream oil and gas company whose main business activities include exploration, development and production of crude oil, natural gas liquids and natural gas.

Internationally, Madalena holds 14 large land blocks within five provinces in Argentina where it is focused on the delineation of large petroleum in-place shale and unconventional resources in the Vaca Muerta and Lower Agrio shales, in addition to multiple tight sand plays. The Company is also implementing horizontal drilling and completions technology to high impact conventional and resource plays.

Domestically, Madalena's core area of operations is located in the Greater Paddle River area of west-central Alberta where the Company holds approximately 200 gross (150 net) sections of land (approximately 78% average W.I.) encompassing light oil and liquids-rich gas resource plays. Madalena's primary domestic focus is to exploit its large inventory of horizontal drilling locations on its Ostracod oil and other oil and liquids-rich gas resource plays.

Madalena trades on the TSX Venture Exchange under the symbol MVN. Basic corporate information, recent news releases and regularly updated corporate presentations are available on the Company's website at [www.madalenaenergy.com](http://www.madalenaenergy.com)

**For further information please contact:**

**Kevin Shaw, P.Eng, MBA**  
President and Chief Executive Officer  
Madalena Energy Inc.  
Phone: (403) 262-1901 (Ext. 230)  
[kdshaw@madalenaenergy.com](mailto:kdshaw@madalenaenergy.com)

**Thomas Love, CA**  
VP, Finance and Chief Financial Officer,  
Madalena Energy Inc.  
Phone: (403) 262-1901 (Ext. 227)  
[tlove@madalenaenergy.com](mailto:tlove@madalenaenergy.com)

**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).*

*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.*

*Analogous Information*

*Certain information in this news release may constitute "analogous information" as defined in National Instrument 51-101 - Standards of Disclosure for Oil and Gas Activities ("NI 51-101"), including, but not limited to, information relating to areas, assets, wells and/or operations that are in geographical proximity to or believed to be on-trend with lands held by Madalena. Such information has been obtained from public sources, government sources, regulatory agencies or other industry participants. Management of Madalena believes the information may be relevant to help define the reservoir characteristics within lands on which Madalena holds an interest and such information has been presented to help demonstrate the basis for Madalena's business plans and strategies. However, management cannot confirm whether such analogous information has been prepared in accordance with NI 51-101 and the Canadian Oil and Gas Evaluation Handbook and Madalena is unable to confirm that the analogous information was prepared by a qualified reserves evaluator or auditor. Madalena has no way of verifying the accuracy of such information. There is no certainty that the results of the analogous information or inferred thereby will be achieved by Madalena and such information*

*should not be construed as an estimate of future production levels or the actual characteristics and quality Madalena's assets. Such information is also not an estimate of the reserves or resources attributable to lands held or to be held by Madalena and there is no certainty that such information will prove to be analogous in the future. The reader is cautioned that the data relied upon by Madalena may be in error and/or may not be analogous to such lands to be held by Madalena.*

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