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MADALENA ANNOUNCES FIRST QUARTER 2014 FINANCIAL RESULTS AND OUTLOOK

Madalena Energy Inc. ("**Madalena**" or the "**Company**") (TSXV: **MVN** and OTC: **MDLNF**) is pleased to announce the filing on SEDAR of the unaudited interim consolidated financial statements and related Management's Discussion and Analysis ("MD&A") for the three months ended March 31, 2014. Selected financial and operational information is outlined below and should be read in conjunction with Madalena's unaudited interim consolidated financial statements and related MD&A which are available for review under the Company's profile at www.sedar.com and on the Company's website at www.madalenaenergy.com.

FIRST QUARTER 2014 HIGHLIGHTS AND OUTLOOK

- Current production is approximately 1,600 boe/d;
- Q1 - 2014 production averaged 1,141 boe/d, an increase of 31% from Q1-2013;
- Operating netbacks averaged \$29.61, an increase of 93% from Q1 -2013;
- Capital expenditures were \$12.5 million or 26% of Madalena's \$48 million 2014 capital budget. Expenditures for the balance of the year will be directed to a combination of high impact horizontal wells in the Sierras Blancas light oil play, unconventional Vaca Muerta shale wells, re-entries for unconventional reservoirs at Curamhuele and horizontal wells on the Canadian assets. Funding will come from existing working capital, cash flow, FX gains, and if necessary, the Company's existing credit facility;
- At Coiron Amargo, Madalena and its partners have a drilling rig scheduled to mobilize to the block in June 2014 to continue drilling a combination of high impact horizontals and Vaca Muerta shale delineation wells;
- In Q1-2014, Madalena shot an approximately 75 square kilometer 3D seismic survey on the Curamhuele block. Processing and merging of this data is currently underway and once finished, Madalena will have coverage on the entire northern portion of the Curamhuele block;
- Raised \$23 million in February 2014; and
- Exited the quarter with \$19.5 million in working capital and unutilized credit facilities of \$13 million.

SUMMARY FINANCIAL AND OPERATIONAL RESULTS

	Three months ended	
	March 31	
	2014	2013
Financial - Canadian \$000s, except per share amounts		
Oil and gas revenue	6,306	3,609
Net income (loss)	297	(2,320)
Per share – basic and diluted	0.00	(0.01)
Capital expenditures	12,548	16,975
Working capital	19,463	12,364
Equity outstanding – 000s		
Common shares	396,886	316,091
Stock options	19,530	20,697
Operating		
<i>Average Daily Production</i>		
Crude oil and condensate – Bbls/d	529	316
Natural gas – Mcf/d	2,978	2,677
NGLs – Bbls/d	114	109
Total - boe /d ⁽¹⁾	1,141	872
<i>Average Sales Prices</i>		
Crude oil and condensate - \$/Bbl	85.02	78.63
Natural gas - \$/Mcf	5.84	3.29
NGLs - \$/Bbl	66.43	58.79
Total - \$/boe ⁽¹⁾	61.38	45.99
<i>Operating Netbacks⁽²⁾</i>		
\$/boe ⁽¹⁾	29.61	15.37

(1) "boe/d" means barrels of oil equivalent ("boe") per day. Refer to - "Reserves and Other Oil and Gas Disclosure" in Advisory.

(2) Operating netbacks is considered a non-GAAP term. Operating netbacks are calculated by subtracting royalties, transportation, and operating costs from revenues before other income.

International Operations - Neuquén Basin, Argentina

Coiron Amargo Block

- Industry activity in and around Madalena's Coiron Amargo block (approximately 34,950 net acres), including developments in the greater Loma La Lata and Loma Campana areas, has seen a significant step change from initial exploration and appraisal drilling in 2012 to an accelerated exploitation / development phase in the unconventional Vaca Muerta shale through 2013 and into 2014. Over 150 Vaca Muerta shale wells have been drilled in and around this area and a number of significant joint ventures (or other transactions) have been announced over the last 14 months. These largely involve large integrated exploration and production companies such as YPF, Chevron, Shell, Total SA, Wintershall, Petrobras and others. YPF and Chevron have announced a 140 well drilling program in 2014 targeting the Vaca Muerta shale to the west of Madalena's acreage and they expect to increase production from the Vaca Muerta shale in this area to approximately 80,000 bbls/d by 2017. Madalena's Coiron Amargo block is strategically positioned within this area of intense Vaca Muerta shale resource development and Madalena continues to execute its business plan in this area.
- The Coiron Amargo block is divided into a North and South region with active drill programs being executed in

both areas. Coiron Amargo Norte (the northern portion of the block) is currently under a 25 year exploitation (development) concession. The southern portion of the block, Coiron Amargo Sur, is currently under an exploration contract which was extended until November 8, 2014 by way of an official decree signed by the Province of Neuquén in Argentina on November 12, 2013. Subsequent to November 8, 2014, Madalena has the ability to extend Coiron Amargo Sur through further exploration, evaluation and/or exploitation (development) phases.

- The focus of Madalena's business plan for the Coiron Amargo block includes:
 - i) Continue to advance the Company's Vaca Muerta shale activities with a combination of new delineation wells and completion techniques (stimulations and/or multi-stage fracs);
 - ii) Drill, complete, test and tie-in a number of high impact horizontal wells targeting Vaca Muerta sourced light oil from the Sierras Blancas reservoir; and
 - iii) Technically assess deep gas potential on the block in response to offsetting industry activity.
- Recently, the Company has intensified its focus on the Vaca Muerta shale given the magnitude of the unconventional resource across the Coiron Amargo block. The block is strategically positioned within the Neuquén basin in the shallower portion of the Vaca Muerta oil window. Industry activity continues to increase offsetting the Coiron Amargo block where Madalena drilled the CAS.x-14 and the CAS.x-15 vertical wells in Coiron Amargo Sur for the Vaca Muerta shale in 2013. The CAS.x-14 and CAS.x-15 wells were drilled and cased encountering approximately 105 and 114 meters respectively of Vaca Muerta shale on logs. Completion (stimulation work and/or multi-stage frac) activities on these wells are expected to commence in Q2 – 2014.
- Madalena has implemented a balanced business strategy between unconventional shale delineation and high impact horizontal drilling. Accordingly, Madalena has successfully implemented North American based horizontal technology and experience on the Coiron Amargo block. The Company's first implementation of horizontal technology internationally saw the CAN.xr-2(h) well re-entered, drilled and completed horizontally in the Sierras Blancas light oil reservoir which is a high deliverability conventional reservoir sourced from the Vaca Muerta shale. The CAN.xr-2(h) well has now been producing since late 2013 and has exceeded management's expectations. Cumulative gross oil production for Q1-2014 was approximately 62,500 barrels of oil or approximately 700 bbls/d (not including associated solution gas volumes). In early April 2014, the well was tied into a permanent pipeline system to the central plant and gas dehydration and compressor facility and, accordingly, associated solution gas volumes will be realized as sales in future quarters. Madalena has a 35% working interest in the CAN.xr-2(h) well.
- Encouraged by the results of the CAN.xr-2(h) horizontal, Madalena has commenced a multi-well horizontal drilling program for 2014. The CAN-15(h) well, in which the Company has a 35% working interest, was recently drilled horizontally in the Sierras Blancas light oil reservoir in the Coiron Amargo block to a total measured depth of 3,750 meters with a horizontal lateral section of approximately 692 meters in length. This well is the second horizontal well drilled into the Sierras Blancas conventional light oil reservoir on the Coiron Amargo block. The well was subsequently cased and completed with a 4.5" slotted liner and a multi-rate production test was carried out through temporary production facilities. Throughout the multi-rate production test, the CAN-15(h) well flowed without artificial lift equipment and was tested for approximately 75 hours at various choke settings ranging from 6 mm to 12 mm in size with the following flow rates observed during the test:
 - i) With the production test only being carried out on a portion of the horizontal lateral section as planned, the highest rates were achieved on a 12 mm choke setting, when the CAN-15(h) well was flowed at a rate of 1,393 bbls/d of oil with 3,301 mcf/d of associated natural gas for a total of 1,943 Boe/d (72% oil) over a 5 hour period and at an average flowing pressure of approximately 1,263 psi.
 - ii) On an 8mm choke setting, the CAN-15(h) well was flowed at a rate of 745 bbls/d of oil with 1,990 mcf/d of associated natural gas for a total of 1,077 Boe/d (69% oil) over a 29 hour period and at an average flowing pressure of approximately 1,629 psi.

- iii) During the test period of 75 hours, the total gross produced cumulative volumes were approximately 2,553 barrels of oil and approximately 7,210 mcf of natural gas, for a total of approximately 3,754 barrels of oil equivalent (68% oil) gross. No significant flowing pressure declines were observed throughout the testing period and water cuts ranged from 0% to 3% throughout the test period.
- Madalena and its partners have a drilling rig scheduled to mobilize to the block in June 2014 to continue drilling a combination of high impact horizontals and Vaca Muerta shale delineation wells.

Curamhuele Block

- The greater El Trapial / Curamhuele region is an evolving area within the Neuquén basin which is seeing increased exploration and appraisal activity for unconventional shale plays and tight sand reservoirs. Chevron has recently announced that a second focus area for Chevron in the Vaca Muerta shales is the El Trapial block which is adjacent and to the east of Madalena's 90% working interest Curamhuele block. At El Trapial, Chevron is drilling and testing four exploration wells in 2014 to further assess the unconventional shale potential. Others, such as YPF are also drilling on lands offsetting Madalena's Curamhuele block for unconventional shale and tight sand plays.
- The primary zones of interest across the Curamhuele block are the unconventional Vaca Muerta shale, Lower Agrio shale and liquids rich Mulichinco sands. The block is also prospective for other conventional reservoirs.
- To satisfy a portion of the 2014 block commitments, Madalena has recently shot an approximately 75 square kilometer 3D seismic survey at Curamhuele. Processing of this data is currently underway. The Company plans to merge this newly acquired data with the existing 125 square kilometer 3D survey on the block. This will provide 3D seismic coverage on the entire northern portion of the Curamhuele block.
- To satisfy the remaining 2014 block commitments, Madalena plans to execute two high impact re-entries of the Yp.x-1001 and Ch.x-1 wellbores. Through these re-entries, Madalena plans to test an estimated 200 meter thick tight Mulichinco sand liquids-rich gas play and an estimated 225 meter thick oil zone in the Lower Agrio shale (which is a second emerging unconventional shale play in Argentina). In response to offsetting industry activity, Madalena is also evaluating the Vaca Muerta shale across the block.
- The Company continues to examine opportunities in respect of a possible a joint venture or other transaction to accelerate exploration and development activities on the block. RBC Capital Markets, Madalena's exclusive advisor to its Neuquén basin assets, is in communication with a broad spectrum of parties to solicit interest in a joint venture or other transaction with the Company.

Cortadera Block

- On January 15, 2014, the Corporation announced that, on the Cortadera Block, the joint venture partnership consisting of Apache Corporation, Gas y Petroleo del Neuquén SA and Madalena had signed an amended contract agreement to formalize a multi-year extension of the initial exploration period and inclusion of subsequent exploration periods. Subsequent to that agreement and following an application and approval process, the first exploration period for Cortadera was extended by way of an official decree which was signed by the Province of Neuquén in Argentina. This extension provides the partnership until October 26, 2014 to satisfy the remaining work commitments on the block, which involves an upcoming re-entry of the CorS.x-1 well. Under the amended agreement, and subsequent to conducting the upcoming re-entry work, the partnership at Cortadera has the option to enter into a second exploration period extending to October 25, 2018 and a third exploration period extending to October 25, 2021, or extend the Cortadera Block through potential further evaluation and/or exploitation phases.
- Madalena and its new block partner YPF S.A. (acquired through YPF's recent purchase of the Apache subsidiary in Argentina) plan to re-enter the previously drilled CorS.x-1 Vaca Muerta test well to evaluate the uphole Mulichinco tight sand play (or other zone of interest). Madalena expects that its share of any costs for the work performed will not be significant due to YPF's continued earning obligations which include carrying Madalena

for the majority of the anticipated costs.

DOMESTIC OPERATIONS – Greater Paddle River Area, Alberta, Canada

- Domestically, Madalena's core area of operations is located in the greater Paddle River area, where the Company holds approximately 195 gross (153 net) sections of land (approximately 78% average working interest) in west-central Alberta that support light oil and liquids-rich gas resource plays. Madalena entered the domestic E&P space in November, 2012 and executed horizontal drilling activity in 2013 with a focus of bringing increased production and cash flow into the Company;
- Q1 – 2014 production from Madalena's Canadian based domestic assets was 833 boe/d. Due to the installation of pumping units on three of its four previously flowing producing oil wells, the Company experienced significant temporary downtime during the Quarter. All field work associated with the installation of these pumping units has now been completed and production has been restored and brought back online at these three locations. With these pumping units now in place, Madalena is better positioned to optimize its domestic production through the remainder of 2014.
- On April 1, 2014 Madalena placed its recently drilled Paddle River 12-31 horizontal Ostracod oil well (100% WI) on production. The IP30 of the well was 212 boe/d (75% oil and NGLs) which is consistent with management's expectations. As part of Madalena's inventory of horizontal Ostracod locations, the Company has a number of offsetting development locations to the 12-31 Ostracod well;
- Madalena's domestic focus is to exploit its inventory of horizontal development locations on its Ostracod oil, Notikewin/Wilrich liquids-rich gas and other emerging oil and liquids-rich gas resource plays in the area. Madalena also holds more than 100 net sections (100% W.I.) which are prospective for the Duvernay shale.

About Madalena – International and Domestic Assets

Madalena is an independent, Canadian-based, domestic and international 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 three large blocks within the Neuquén basin 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 international plays and is currently focused on a conventional oil play in the Sierras Blancas formation. Madalena holds approximately 132,200 net acres on the Coiron Amargo (34,950 net acres), Curamhuele (50,600 net acres) and Cortadera (46,650 net acres) blocks.

Domestically, Madalena's core area of operations is located in the Greater Paddle River area of west-central Alberta where the Company holds approximately 195 gross (153 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 emerging oil & 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

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Forward Looking Information

The information in this news release contains certain forward-looking statements. These statements relate to future events or our future performance, including, without limitation, with respect to the expected timing of closing for certain financings, expected operational activities, including drilling, completion, re-entry, evaluation and seismic activities, and the timing thereof and matters pertaining to Madalena's efforts to seek a joint venture partner for certain assets. 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 planned operational activities to be conducted by the Company. In addition, statements relating to "reserves" or "resources" are deemed to be forward-looking statements as they involve the implied assessment, based on certain estimates and assumptions, that the reserves and resources described exist in the quantities predicted or estimated and can be profitably produced in the future. 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

Reserves and Other Oil and Gas Disclosure

Any references in this news release to test rates, flow rates, initial and/or final raw test or production rates, early production, test volumes behind pipe and/or "flush" production rates are useful in confirming the presence of hydrocarbons, however, such rates are not necessarily indicative of long-term performance or of ultimate recovery. Such rates may also include recovered "load" fluids used in well completion stimulation. Readers are cautioned not to place reliance on such rates in calculating the aggregate production for Madalena. In addition, the Vaca Muerta shale is an unconventional resource play which may be subject to high initial decline rates.

All calculations converting natural gas to barrels of oil equivalent ("boe") have been made using a conversion ratio of six thousand cubic feet (six "Mcf") of natural gas to one barrel of oil, unless otherwise stated. The use of boe may be misleading, particularly if used in isolation, as the conversion ratio of six Mcf of natural gas to one barrel of oil is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. 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 on a 6:1 basis may be misleading as an indication of value.

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.