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**Madalena Provides Complete Information to Shareholders,
Forms Special Committee and Adopts Advance Notice By-Law**

Madalena Energy Inc. (TSX-V: MVN) and (OTC: MDLNF) (the "Corporation" or "Madalena") announces that the Board of Directors (the "Board") has met to review the matters raised in the letter received from Maglan Capital LP's ("Maglan") on December 8, 2014, and to consider how best to address them.

To that end, the Board has appointed a special committee (the "Special Committee") comprised of two recently appointed independent directors, Messrs. Steven Sharpe (Chair) and Douglas Brooks, as well as a third independent director, Mr. Keith Macdonald, which will, amongst other things, address matters of concern to our shareholders. The Special Committee will seek to maintain an on-going and constructive dialogue with Maglan, and will in the near term, make contact with the Corporation's other largest shareholders.

In addition, the Board has adopted an Advance Notice by-law, and has set May 26, 2015 as the date for its Annual General and Special Meeting of shareholders.

Each of the members of the Board is keenly aware of his fiduciary duty to act in the best interests of Madalena, having regard to all relevant considerations, including, but not confined to, the need to treat affected stakeholders, including shareholders, in a fair manner, commensurate with Madalena's duty as a responsible corporate citizen. The Board has and will continue to strive to enhance value for all shareholders in accordance with these duties.

While the Special Committee will attempt to deal directly with Maglan on the matters raised in its letter, the Board wishes to ensure that all of its shareholders have accurate and complete information concerning the Corporation's operations and activities. The following, then, clarifies and corrects certain of the factual matters raised in the Maglan letter.

Clarification and Expansion of Information

Share issuances in 2014 were accretive and added value for shareholders

The Maglan letter refers to "a massive amount of share dilution" and "destructive equity raises" undertaken by Madalena. This characterization is incorrect. Had Madalena not raised capital when it did, it would not have, as Maglan correctly notes in its letter, the high quality asset base, cash flow expectations, production profile, expected growth and strong balance sheet that it now has. The recent transformational transaction to acquire Gran Tierra's Argentina business unit (the "GTE Acquisition") was 247% accretive to per share production, 104% accretive to reserves per share and 464% accretive on a cash flow per share basis and has provided Madalena with the cash flow that will be critical in helping the Corporation unlock value for its shareholders on its shale properties and other prospects.

Madalena has a well developed and prudent plan for the development of its shale assets

Maglan suggests that we have "*failed to formulate and communicate a cogent plan for the development of the Argentine shale assets*" – we respectfully disagree. We refer to our recent disclosure in the wake of the GTE Acquisition. In our view, these materials paint a clear picture of our corporate strategy and the objectives we hope to accomplish.

In particular, we agree that one of the keys to value creation for shareholders is to prove up and de-risk Madalena's shale assets. As Maglan correctly noted, following recent transactions completed in 2014, Madalena is better positioned than it ever has been to self-fund its capital budget. The Board has just approved a CDN\$48.2 million capital program in 2015, which includes significant dollars being spent on shale delineation and honouring all 2015 contractual and regulatory commitments. In addition, Madalena is continuously considering and evaluating transactions and courses of action with a view to the best interests of the Corporation.

Madalena has sought and continues to actively seek joint venture opportunities

The Corporation 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 Corporation 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 Corporation's strategic assets.

In particular, as described in the news release dated June, 17, 2013, Madalena engaged RBC Capital Markets ("RBC") as its exclusive financial advisor in connection with the Corporation's assets located within the Neuquén basin. Madalena has also sought advice of financial advisors and considered and entered into a number of additional agreements with respect to advisory services and potential transactions, particularly with a view to focus capital on the development of its shale assets. With the assistance of RBC, Madalena conducted a complete public process to solicit interest in our shale assets, which targeted a large number of industry participants, including exploration and production companies and financial buyers from multiple continents, including North America, Asia and Europe. To date, this process has not resulted in any acceptable proposals.

Although there are no executable offers currently pending and there is no certainty that a transaction can be agreed to, discussions with potential counterparties are on-going. The Board and management are considering multiple ways to deploy further capital in Madalena's shale plays, including the potential sale of Madalena's Canadian assets and certain non-strategic assets in Argentina. However, the Board does not believe that such assets should be sold in a "fire sale" fashion and the Board will continue to act in the best interests of the Corporation if such transaction proposals emerge.

The Board continually evaluates the performance of management

The Board continually evaluates the performance of our management team and is ready and willing to undertake changes when changes are warranted.

Madalena is not immune to market factors

We agree that there is a discrepancy between Madalena's intrinsic value and its market capitalization. We also agree that Madalena is very well positioned financially and in light of higher commodity prices in Argentina, despite the current down turn in Canadian financial markets and declining commodity price environment. However, Madalena is not immune to these market and commodity factors, particularly since investors often sell junior, international energy issuers in times like these, despite the strong underlying fundamentals.

In particular, we note that the TSXV Composite Index recently hit an all-time low on the same day Maglan issued its letter and press release. On a basis relative to its peers, Madalena's stock has weathered the markets better than many.

The Board and Management are aligned with Madalena shareholders

Each of the directors and go-forward officers of Madalena own common shares of the Corporation. In fact, in October, 2014, the Board adopted a policy requiring directors to own a minimum amount of shares in the Corporation. This policy is now in effect, with a view to further aligning directors with the shareholders of the Corporation.

The Board's actions, plan and strategy, as outlined in the Corporation's recent disclosure, demonstrates that the Board is committed to acting in the best interests of shareholders and executing on a fully developed and well considered plan.

Advance Notice By-Law

In the event that Maglan (or any shareholder entitled to do so) chooses to requisition a special meeting of shareholders for the purposes of effecting changes in the Board, it is essential that our shareholders have the necessary information to permit them to make informed decisions.

Effective December 15, 2014, the Board approved the adoption of the Advance Notice By-law. The Advance Notice By-law, among other things, includes a provision that requires advance notice to the Corporation in circumstances where nominations of persons for election to the Board are made by shareholders of the Corporation other than pursuant to: (i) a "proposal" made in accordance with section 136(1) of the *Business Corporations Act* (Alberta) (the "Act"); or (ii) or a requisition of the shareholders made in accordance with section 142(1) of the Act.

Among other things, the Advance Notice By-law fixes a deadline by which holders of record of common shares of Madalena must submit director nominations to the Corporate Secretary of the Corporation prior to any annual or special meeting of shareholders and sets forth the specific information that a shareholder must include in the written notice to the Corporate Secretary of the Corporation for an effective nomination to occur. No person will be eligible for election as a director of the Corporation unless nominated in accordance with the provisions of the Advance Notice By-law.

In the case of an annual general meeting of shareholders, notice to the Corporate Secretary of the Corporation must be made not less than 30 nor more than 65 days prior to the date of the annual general meeting of shareholders; provided, however, that in the event that the annual general meeting of shareholders is to be held on a date that, is less than 50 days after the date (the "Notice Date") on which the first public announcement of the date of the annual meeting was made, notice by the nominating shareholder may be made not later than the close of business on the tenth (10th) day following the Notice Date.

In the case of a special meeting (which is not also an annual general meeting) of shareholders called for the purpose of electing directors (whether or not called for other purposes), notice to the Corporate Secretary of the Corporation must be made not later than the close of business on the fifteenth (15th) day following the day on which the first public announcement of the date of the special meeting of shareholders was made.

The Advance Notice By-law is effective and in full force and effect as of the date hereof. In accordance with the terms of the Advance Notice By-law, the Advance Notice By-law will be put to shareholders of the Corporation for approval at its next meeting of shareholders. If the Advance Notice By-law is not confirmed at the meeting by ordinary resolution of shareholders, the Advance Notice By-law will terminate and be of no further force and effect following the termination of the shareholders meeting.

The full text of the Advance Notice By-law will be available via SEDAR at www.sedar.com.

Annual General and Special Meeting

As noted above, the Board has set May 26, 2015 as the date for its Annual General and Special Meeting of shareholders.

Madalena Energy Inc.

Madalena trades on the TSX Venture Exchange under the symbol MVN. Basic corporate information, recent news releases and corporate presentations are available on the Corporation's website at www.madalenaenergy.com.

Forward Looking Statements

This news release contains forward-looking information and forward-looking statements within the meaning of applicable securities laws. The forward-looking statements contained in this document are based on certain key expectations and assumptions made by Madalena.

Although Madalena believes that the expectations and assumptions on which the forward-looking statements are based are reasonable, undue reliance should not be placed on the forward-looking statements because Madalena can give no assurance that they will prove to be correct. Since forward-looking statements address future events and conditions, by their very nature they involve inherent risks and uncertainties. Actual results could differ materially from those currently anticipated due to a number of factors and risks. These include, but are not limited to, the failure to obtain necessary regulatory and shareholder approvals, risks associated with the oil and gas industry in general (e.g., operational risks in development, exploration and production; delays or changes in plans with respect to exploration or development projects or capital expenditures; the uncertainty of reserve estimates; the uncertainty of estimates and projections relating to production, costs and expenses, and health, safety and environmental risks), commodity price and exchange rate fluctuations and uncertainties resulting from potential delays or changes in plans with respect to exploration or development projects or capital expenditures. Certain of these risks are set out in more detail in Madalena's Annual Information Form which has been filed on SEDAR and can be accessed at www.sedar.com and Madalena's other public disclosure documents which have been filed on SEDAR and can be accessed at www.sedar.com.

The forward-looking statements contained in this press release are made as of the date hereof and Madalena undertakes no obligation to update publicly or revise any forward-looking statements or information, whether as a result of new information, future events or otherwise, unless so required by applicable securities laws.

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