



3200, 500 – 4th Avenue SW,
Calgary, Alberta T2P 2V6
Telephone: (403) 262-1901
Facsimile (403) 262-1905
TSXV Trading Symbol: MVN
OTC Trading Symbol: MDLNF

MADALENA ANNOUNCES NEW OIL & GAS DISCOVERY, CONTINUED DRILLING SUCCESS IN ARGENTINA AND VACA MUERTA SHALE DRILLING UPDATE

Madalena Energy Inc. ("Madalena" or the "Company") (TSXV: MVN and OTC: MDLNF) is pleased to provide the following operational update.

KEY HIGHLIGHTS:

CANADA

- Successfully drilled and completed a new horizontal oil and gas exploration discovery (100% WI) in the Nordegg formation on Madalena's Western Canadian assets. This new discovery well flowed continuously up 7 inch casing and ended its initial clean-up period flowing at a rate of **718 Boe/d (51% Oil)**.

ARGENTINA

- Madalena drilled, completed and placed on production its third Sierras Blancas light oil horizontal (CAN-18(h)) after successfully targeting a third separate oil pool on its Coiron Amargo block (35% WI). The CAN-18(h) horizontal was initially placed on production through permanent facilities at a total of **910 Boe/d (83% oil)**;
- Drilling of a fourth Sierras Blancas light oil horizontal is expected to commence in late November 2014;
- The Company has commenced drilling a Vaca Muerta shale delineation well at its CAS-x-16 location in the Neuquen basin and plans to complete and subsequently conduct testing and evaluation operations on two Vaca Muerta shale wells at both the CAS-x-16 and the previously drilled CAS-x-15 locations; and
- Madalena has secured two additional drilling rigs for its Puesto Morales and Curamhuele blocks in Argentina where it plans to drill a horizontal well on its Loma Montosa oil resource play and evaluate its Agrio shale and Mulichinco unconventional plays.

DOMESTIC OPERATIONS UPDATE – WESTERN CANADA

Nordegg Horizontal Play– New Oil & Gas Exploration Discovery

Madalena has made a new oil and gas discovery (100% WI) in the Nordegg formation through the drilling, casing and stimulation of an exploratory well. The well was drilled horizontally in the Nordegg formation to a total measured depth of 2,533 metres, with a horizontal lateral section of approximately 830 metres in length. The well was subsequently completed, stimulated and flowed-back on clean-up for 67 hours.

During the 67 hour clean-up period the well flowed continuously up 7 inch casing at an average rate of 396 bbls/d of oil and 1.6 MMscf/d of natural gas for a total of **663 Boe/d (60% Oil)**. During the final 24 hours of the clean-up period the well flowed at an average rate of 367 bbls/d of oil and 2.1 MMscf/d of natural gas for a total of **718**

Boe/d (51% Oil). During the total 67 hour clean-up period the well recovered a total of 1,100 Bbls of 30.5° API oil, 4.5 MMcf of natural gas and 1,416 barrels of water.

This exploration well was drilled and stimulated for an estimated cost of CDN \$2.3 million and is currently being prepared for an extended flow test.

Madalena holds over 140 net sections of Nordegg rights across its land base in the greater Paddle River area and has an inventory of potential horizontal drilling locations.

Additionally, Madalena has drilled and cased two Ostracod horizontal wells (100% WI) offsetting its Paddle River Ostracod oil pool. As these wells were drilled from the same surface pad field operations are being staged. Completion operations are currently ongoing.

INTERNATIONAL OPERATIONS UPDATE - ARGENTINA

Coiron Amargo (35% WI) Block - Sierras Blancas Horizontal Exploitation & Vaca Muerta Shale Delineation

Madalena's third Sierras Blancas horizontal (CAN-18(h)) was recently drilled and completed in Argentina and was placed on production on October 18, 2014.

The CAN-18(h) well was drilled horizontally in the Sierras Blancas light oil reservoir to a total measured depth of 3,642 metres with a horizontal lateral section of approximately 450 metres in length. This horizontal well was subsequently cased and completed with a 3.5" slotted liner and for operational efficiencies was immediately placed on production through permanent facilities.

The CAN-18(h) well is flowing without artificial lift equipment and has been on production for approximately 12 days at choke settings ranging from 6 mm to 8mm in size with the following production rates observed to date:

- The highest production rate was on a 8 mm choke setting, when the CAN-18(h) well produced at approximately 755 bbls/d of oil with 930 mcf/d of associated natural gas for a total of **910 Boe/d (83% oil)** at an average flowing pressure of approximately 990 psi over the initial 24 hour period.
- On a 6mm choke setting, the CAN-18(h) well has produced at an average rate of 342 bbls/d of oil with 566 mcf/d of associated natural gas for a total of **436 Boe/d (78% oil)** over a 7 day period and at an average flowing pressure of approximately 901 psi. Water cuts have ranged from 5 to 17%.

The CAN18(h) well is the third horizontal well drilled into a third separate pool of the six Sierras Blancas conventional light oil pools discovered to date on the Coiron Amargo block. The Company has an inventory of horizontal development locations on the Coiron Amargo block and a fourth horizontal well targeting the Sierras Blancas light oil reservoir (**CAN-16(h)**) is now expected to spud in late November 2014 once the drilling operations are completed at CAS.x-16 (see below) and the drilling rig is moved to the CAN-16(h) location.

With the Coiron Amargo block located within the oil window of the Vaca Muerta shale, the Company is currently drilling a Vaca Muerta shale delineation well at the CAS.x-16 location in the southern portion of the Coiron Amargo block. Completion and testing operations on this well and a previously drilled Vaca Muerta shale well at the CAS.x-15 location are both expected to be carried out as part of a multi-well completion program in late 2014 and early 2015. The CAS.x-15 well was previously drilled and cased after encountering approximately 114 metres of Vaca Muerta shale.

Puesto Morales (100% WI) Field – Workover Program Optimizing Production & Drilling Rig Secured for Horizontal Drilling of Loma Montosa Oil Resource Play

Madalena has completed a four well recompletion program in the Loma Montosa formation at Puesto Morales. The recompletions focused on zones which had been successfully recompleted in other wells within the field. Three of the four wells have been placed on production and the fourth well is expected to soon be on-stream. Results of the program are expected to offset natural field declines as planned.

A multi-well horizontal drilling program in the Loma Montosa oil resource play is planned for 2015 in the Puesto Morales field. A drilling rig has been contracted and it is expected that the first well will commence drilling in December 2014 or January 2015.

Curamhuele (90% WI) Block – Drilling Rig Secured for Agrio Shale & Mulichinco Appraisal Program

Madalena and its partner Gas Y Petroleo (GyP, the Provincial Oil company) have secured a drilling rig for the re-entry, sidetrack and completion (frac and test) of the CH-x-1 well targeting the Agrio shale and the deepening of the YP-x-1001 well to frac and test the Mulichinco liquids-rich gas resource play. Regulatory approvals have been received and the Company anticipates commencing operations in Q1 2015. Madalena's Curamhuele block is within the oil window of the Agrio shale with an estimated thickness of 225 metres and is directly offsetting a recently announced Agrio shale discovery by the Argentina state company YPF. In addition to the Agrio shale, the primary zones of interest on the Curamhuele block are the unconventional Vaca Muerta shale and liquids rich Mulichinco sands. The block is also prospective for other conventional reservoirs.

El Vinalar (100% WI) Block –Evaluation Underway

The Company recently re-entered the LR.x-1 vertical well on the El Vinalar block to retest an oil discovery in the Yacoraite zone of interest. Madalena's re-entry and testing program for the LR.x-1 was designed to evaluate the potential to stimulate the well and subsequently place it on production. Pressure recorders were run and have been recovered. The ongoing evaluation of pressure data is expected to determine if a stimulation program is warranted. If so, those operations will be planned for 2015 and with successful results, multiple additional opportunities exist and may be pursued on the block.

While Madalena is encouraged by the initial results from the Nordegg exploratory well in Canada and the CAN-18h Sierras Blancas horizontal in Argentina, the initial flowback information disclosed above should be considered preliminary and is not necessarily indicative of the long-term performance of these wells. Ongoing technical work is expected to improve the Company's understanding of the ultimate potential of the Nordegg horizontal play and the ongoing horizontal development in the Sierras Blancas.

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 interests in 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 Agrio shales and in multiple tight sand plays. As part of its balanced business strategy, the Company is also focused on implementing horizontal drilling and completions technology to develop high impact resource plays and conventional oil & gas projects.

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 79% average W.I.) encompassing light oil and liquids-rich gas resource plays. Madalena's primary domestic focus is to exploit its inventory of horizontal drilling locations across the Nordegg, Ostracod and other oil and liquids-rich gas resource plays.

Madalena trades on the TSX Venture Exchange under the symbol MVN and on the OTC under the symbol MDLNF.

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

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

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.

Initial Production Rates

Any references in this document 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. Such rates may be estimated based on other third party estimates or limited data available at this time and are not determinative of the rates at which such wells will continue production and decline thereafter.

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.