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MADALENA PROVIDES AN INTERNATIONAL & DOMESTIC OPERATIONS UPDATE

Madalena Energy Inc. (TSX-V: MVN) and (OTC: MDLNF) (the “Company” or “Madalena”) is pleased to provide the following operational updates:

International Update: Neuquén Basin, Argentina

Coiron Amargo Block (35% Working Interest) – Sierras Blancas Horizontal & Vaca Muerta Shale Drilling Update

The CAN.xr-2(h) well was recently re-entered and drilled horizontally in the Sierras Blancas light oil reservoir to a total measured depth of 3,751 meters with a horizontal lateral section of approximately 530 meters in length. This horizontal well was subsequently cased and completed with a 3.5” slotted liner and a multi-rate production test was carried out through temporary production facilities. Details of the initial 142 hour production test were outlined in a press release issued on December 27, 2013. The highest rates during that test period were achieved on a 12mm choke setting, when the well was flowed at a rate of 1,791 bbls/d of oil with 2,683 mcf/d of associated natural gas for a total of 2,238 Boe/d (80% oil) over a three hour period and at an average flowing pressure of approximately 1,304 psi. In the 10 day period to January 7, 2014, the well flowed on a restricted 6 mm choke through temporary facilities. During this 10 day period, the well produced 6,033 bbls of oil and 10.7 mmscf of associated gas for a total of 7,815 Boe (77% oil). No significant flowing pressure declines have been observed to date and no water has been produced. The well will continue to be produced at restricted flow rates until permanent facilities are in-place which is expected in February 2014.

This well represents the first horizontal well drilled into one 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 second horizontal well targeting the Sierras Blancas light oil reservoir (CAN-15(h)) is now expected to spud in January 2014 once the drilling operations are completed at CAS.x-15 (see below). The CAN-15(h) horizontal well will be drilled into one of the largest Sierras Blancas pools on the block and targets a separate pool than was drilled by the CAN.xr-2(h) horizontal well.

Ongoing technical work and operational enhancements are expected to continue to improve the Company’s understanding of the ultimate potential of its Sierras Blancas horizontal oil play.

The Company has also recently reached a total depth of 3,163 meters on the CAS.x-15 vertical well targeting the Vaca Muerta shale. The CAS.x-15 well is located in the southern portion of the Coiron Amargo block within the oil window and the well has been cased with approximately 114 meters of Vaca Muerta shale on logs. Completion and testing operations are now planned for the first quarter of 2014 to evaluate this well.

The drilling rig which has just finished drilling the CAS.x-15 well will now move to the CAN-15(h) lease site to commence drilling operations on the Company’s second Sierras Blancas horizontal as outlined above.

Cortadera Block Update (37.8% Working Interest) – Decree Signed with Re-Entry Planned for Q1 2014

On the Cortadera Block, the joint venture signed an amended contract agreement on September 24, 2013 to formalize a multi-year agreement for the extension of the initial exploration period and inclusion of subsequent exploration periods. Following an application and approval process, the first exploration period for Cortadera has

now been extended by way of an official decree signed by the Province of Neuquén. This extension provides the partnership until October 26, 2014 to satisfy the remaining work commitments on the block which involves the upcoming re-entry work (see below). Under the amended agreement, and subsequent to conducting the upcoming re-entry work, the partnership at Cortadera has the option to enter into subsequent exploration periods involving 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.

The decree stipulates that Gas y Petroleo del Neuquén SA (the Neuquén provincial petroleum company) upwardly revises its currently carried working interest in the block to 15% from the previous 10%, resulting in a proportionate reduction of Madalena's working interest in the block to 37.7778% compared to its previous 40% working interest.

In the first quarter of 2014, Madalena and its partner plan to re-enter the previously drilled CorS.x-1 Vaca Muerta test well to evaluate an up hole zone of interest in the wellbore.

Domestic Update: West-Central Alberta – Focused on Ostracod Oil Development

In the greater Paddle River area, Madalena drilled two additional (1.92 net) Ostracod horizontal wells in the month of December. Both wells successfully encountered their targeted oil zones and multi-port production liners were run in the horizontal lateral sections. It is currently anticipated that these two wells will be multi-stage fracture stimulated, tested and potentially placed on production in the first quarter of 2014.

Following the completions and testing of the two wells noted above and before the end of the first quarter of 2014, Madalena anticipates drilling an additional horizontal well on its Ostracod oil development project.

In 2013, the Company drilled five (4.92 net) wells on the Ostracod project. Ongoing technical work and operational enhancements continue to improve the Company's understanding of the ultimate potential of this project. Madalena has approximately 58 net sections of land on the Ostracod oil trend and has a significant inventory of drill-ready horizontal locations for continued development.

The Company has also recently completed its evaluation of the Nordegg horizontal well (100% working interest) at 15-12-55-9W5. Completion and testing operations ultimately did not result in meaningful hydrocarbon production and the wellbore has been suspended. The technical information gained throughout the drilling, completion and testing of this first horizontal well has furthered Madalena's understanding of this emerging resource play and will be applied to future operations. There were no reserves assigned to the 15-12 Nordegg horizontal in Madalena's 2012 year end reserves evaluation. The Company's Canadian exploration and evaluation assets at December 31, 2013 have yet to be determined and are expected to be adjusted accordingly, if required, in conjunction with the preparation of the year-end financial statements.

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 developing a conventional oil play in the Sierras Blancas formation. Madalena holds approximately 132,200 net acres on the Coiron Amargo (34,951 net acres), Curamhuele (50,595 net acres) and Cortadera (46,656 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 200 gross (>150 net) sections of land (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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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 with respect to the Company's reserves and production from its properties. 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.

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. While Madalena is encouraged by the initial results from the CAN.xr-2(h) horizontal well, the flow back information disclosed above should be considered preliminary and is not indicative of the well's long-term performance. In addition, the Company's Ostracod project is a resource project, like many other projects where operators deploy similar operational approaches to those utilized by the Company, and may be subject to high initial decline rates of production and pressure. Such production rates may also include recovered "load" fluids used in well completion stimulation. Readers are cautioned: (a) not to place reliance on such rates in calculating the aggregate production for Madalena; and (b) test or early production results are not necessarily indicative of long-term performance or of ultimate recovery.

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.