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TSXV Trading Symbol: MVN  
OTC Trading Symbol: MDLNF

#### **MADALENA COMMENTS ON ARGENTINA OIL PRICES AND PROVIDES A 2015 CAPITAL BUDGET UPDATE**

Madalena Energy Inc. ("**Madalena**" or the "**Company**") (TSXV: **MVN** and OTC: **MDLNF**) provides the following comments on recent changes to regulated Argentina oil prices and updates its 2015 Capital Budget as outlined below.

#### **REGULATED ARGENTINA OIL PRICE MARKET**

In Argentina, oil prices are set by the government for product sold into the domestic oil market, which is where Madalena sells the oil from its Argentine operations. For many years Argentina's domestic oil prices were well below the Brent oil benchmark price. Since May 2014, oil prices in Argentina have remained above USD \$83 per barrel while Brent oil prices have sharply declined from USD \$115 per barrel to USD \$53 per barrel.

The regulators in Argentina have set January 2015 oil pricing at approximately USD \$77 per barrel for Medanito crude quality oil compared to the December 2014 posted price of approximately USD \$83.90 per barrel of oil. The USD \$77 posted Medanito crude oil price in Argentina for January 2015 is approximately 37% higher than the comparative period Brent price of USD \$56 per barrel.

#### **MADALENA 2015 CAPITAL BUDGET**

Madalena's board approved a 2015 Capital Budget of up to CDN \$48 million as press released on December 15, 2014. This 2015 Budget was based on USD \$80 per barrel Medanito oil pricing. Each dollar change in oil price in Argentina represents approximately +/- CDN \$1 million to the full year funds flow of the Company. Given the changes to the commodity price environment, Madalena plans to defer CDN \$3.6 million of budgeted capital expenditures between Argentina and Canada.

With approximately 90% of the Company's oil production priced relative to Argentina's regulated oil prices, the Company continues to be well positioned and expects to fully fund the 2015 capital program with funds generated from operations and existing working capital. Madalena also expects to end 2015 with positive working capital.

Management and the Board will continue to monitor its political, market and commodity price environment, with a view to protecting Madalena's financial position in the context of its contractual and regulatory obligations.

#### **ABOUT MADALENA – International and Domestic Assets**

Madalena is an independent, Canadian-based, international and domestic upstream oil and gas company whose focus is on exploration, development and production of crude oil, natural gas liquids and natural gas in Argentina.

In Argentina, Madalena holds over 950,000 net acres across five provinces where it is focused on the delineation of large petroleum in-place shale and unconventional resources in the Vaca Muerta and Agrio shales, in addition to multiple tight sand plays. The Company is implementing horizontal drilling and completions technology to develop its high impact conventional and resource plays.

In Canada, Madalena's production operations are 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.) producing light oil and liquids-rich gas. Madalena's domestic production is largely operated and contains a significant inventory of additional horizontal development locations.

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

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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 commodity prices in Argentina and North America, impacts of commodity price changes on funds flow, a potential new incentive program in Argentina, Madalena's capital program and operational plans, expected sources of funds for the 2015 capital program and expected working capital levels. 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).*

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