



Madalena Comments on Relaxation of Currency Controls in Argentina

Madalena Energy Inc. (TSX-V: MVN and OTCQX: MDLNF) (the "Company" or "Madalena") does not anticipate the Argentina government's recently announced relaxation of currency controls and a move to only one exchange rate to have a negative impact on Madalena's operations and overall business plan in Argentina.

On November 23, 2015, the Argentine Republic elected a new center-right government. Based on the campaign platform it was largely expected that currency controls would be relaxed and that the Argentine Peso ("AR\$") would undergo a devaluation to reflect its purchasing power in the global economy.

The following summarizes the impact of the AR\$ and the United States dollar ("US\$") on the Company's activities and addresses how Madalena has been planning for a potential devaluation. All numbers are presented in Canadian dollars ("CAD") unless otherwise stated.

- 100% of the Company's crude oil and natural gas revenues are priced and invoiced in US\$ and settled in the AR\$ at the time of receipt;
- the Company estimates 100% of its finance and current income tax expenses, 90% of its general and administrative costs, 65% of its operating costs and 20% of its capital expenditures are invoiced and settled in the AR\$, therefore the AR\$ devaluation reduces those costs and capital expenditures when converted to US\$ or CAD;
- the Company has liquidated approximately 50% of the bonds received from the Argentine government as settlement of the Petroleo Plus program. The current market value of the remaining bonds is approximately US\$ 7 million, which are protected from devaluation risk as they are denominated in the US\$ and settled in the AR\$ upon sale;
- the Company maintains its cash holding in AR\$ at a minimum and its bond holdings at a maximum;
- the Company has repatriated US\$ 3.2 million to Canada since September 30, 2015;
- the Company's credit facility is AR\$ denominated with a current outstanding balance of AR\$ 78.2 million. On December 16, 2015, the amount owing was \$10.9 million. On December 17, 2015, the estimated amount owing is \$6.6 million, approximately 40% less than the outstanding balance on December 16, 2015; and
- At September 30, 2015, the consolidated working capital position of the Company was \$14.8 million.

About Madalena Energy

Madalena is an independent, Canadian-based Argentina focused, upstream oil and gas company.

Madalena holds approximately 950,000 net acres in four provinces of Argentina where it is focused on the delineation of large shale and unconventional resources in the Vaca Muerta shale, Lower Agrio shale, Loma Montosa oil play and the Mulichinco liquids-rich gas play. The Company is implementing horizontal drilling and completions technology to develop both its conventional and resource plays.

Madalena trades on the TSX Venture Exchange under the symbol MVN and on the OTCQX 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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