



MADALENA PROVIDES AN OPERATIONS UPDATE AND POSTS AN UPDATED CORPORATE PRESENTATION

Madalena Energy Inc. ("**Madalena**" or the "**Company**") (TSXV: MVN and OTC: MDLNF) provides the following operational update and posts a new corporate presentation on its website at www.madalenaenergy.com.

DOMESTIC OPERATIONS UPDATE – WESTERN CANADA

- On January 28, 2015, Madalena was advised by Keyera Corp. ("**Keyera**") that Keyera's Paddle River gas plant will be shut down for a minimum period of two months commencing February 1, 2015 due to current economic conditions and recent commodity price declines in North America. The majority of the Company's Western Canada gas production (including solution gas relating to the Company's Canadian oil production) is processed at this Paddle River facility. As a result of the gas plant shut-down, Madalena will temporarily suspend production of approximately 660 boe/d in Western Canada (40% oil) on February 1, 2015.
- The impact of this shutdown is a decrease in estimated funds flow from operations of approximately CDN \$125,000 per month.
- Madalena is currently reviewing other alternative existing plant options in the general area to assess potential interim or long-term processing capabilities.
- Madalena's recent Nordegg oil and gas discovery at West Cove will not be tied-in until economic conditions improve and the Keyera plant situation is satisfactorily resolved. Additionally, two recently drilled and completed Paddle River Ostracod wells have not tested hydrocarbons in economic quantities and will remain suspended.
- Post the Keyera plant shutdown, Madalena estimates its current base production at 3,600 boe/d (76% oil & NGL's) with approximately 97% being realized from the Company's Argentina operations where the current posted price for Medanito crude oil in Argentina is USD \$77 per barrel.

INTERNATIONAL OPERATIONS UPDATE - ARGENTINA

Puesto Morales (100% WI) Field – Horizontal Drilling of Loma Montosa Oil Resource Play

- Madalena has mobilized a drilling rig for its 100% working interest operated PMS-1135(h) drilling location. The well is expected to spud within the next few days and will target the Loma Montosa oil resource play at a vertical depth of approximately 1,385 metres. The well will be drilled horizontally for approximately 800 metres and be completed with approximately 10 frac stages.
- The Loma Montosa represents one of four key resource plays being pursued by Madalena in 2015. The Vaca Muerta shale, Agrio shale and liquids-rich Mulichinco comprise the other three resource plays. The Loma Montosa play is located in Madalena's Puesto Morales area which covers over 30,000 net acres of 100% working interest lands. There has been historical Loma Montosa oil production from 16 vertical wells on the Puesto Morales block. Madalena operates and controls a 100% working interest facility and pipeline infrastructure in the area. To unlock this resource play, the Company intends to apply horizontal multi-frac technology to increase recoveries and improve overall play economics.

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

- CAN-16(h) is the Company's fourth Sierras Blancas horizontal well at Coiron Amargo. The well is currently drilling in the build section of the trajectory. The Company anticipates that the drilling operations will be completed by mid-February and the well placed on production in March 2015.
- CAS.x-16 was drilled vertically to a total depth of 3,160 metres and rig released in December 2014. The well encountered 125 metres of Vaca Muerta shale reservoir. Following the drilling operations, the well was opened to flow **un-stimulated (no acidization or fracture treatments)** on a 2 mm choke at a pressure of approximately 570 psi with an initial rate of 60 Bopd of light oil. After approximately 30 days of flowing, the well continues to produce at a stabilized rate of 20 Bopd at approximately 250 psi. Management is encouraged by this unstimulated Vaca Muerta flow rate and believes the rate is potentially being restricted by a downhole tool (left by the operator of the Coiron Amargo concession) which needs to be retrieved. The well builds pressure to 4,200 psi after 3-4 hours of shut-in which is indicative of a damaged or restricted well. Further operations are expected to commence in February and following the recovery of the downhole tool, the Company will work with its partners to design and implement a stimulation program with the objective to further test and increase production from this vertical delineation well.
- CAS.x-15 was a previously drilled vertical well that encountered 114 metres of Vaca Muerta shale reservoir. In December 2014, operations resumed at this location and the well was set-up for future stimulation activities. The Company will work with its partners to design and implement a stimulation program on this vertical delineation well in 2015.
- Madalena is also working with its partners at Coiron Amargo to plan its first horizontal multi-stage frac well into the Vaca Muerta shale which is an important step to unlocking this unconventional resource. It is anticipated that Madalena and its partners will commence drilling operations on the first horizontal in late Q4 2015.

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

- Following an application and approval process working with both the Province of Neuquén and partner Gas Y Petroleo ("GyP", the Neuquén Provincial oil company), the current exploration period for Madalena's 90% W.I. Curamhuele block has been granted an extension to September 8, 2015, which will provide timing flexibility to fulfill the remaining work commitments on the block. No further commitments were required to obtain this extension which provide for additional scheduling flexibility. This extension was recently formalized by way of an official decree signed by the Province of Neuquén in Argentina.
- Madalena and its partner GyP 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 late Q2 or early Q3 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.
- After satisfying these remaining work commitments, Madalena expects to either convert certain areas of the acreage into an exploitation (development) concession and/or enter into a new exploration period(s) or unconventional evaluation phase to further explore and appraise the Curamhuele block.

RATIONALIZING OF NON-CORE ASSETS AND JOINT VENTURE OPPORTUNITIES

- Madalena's strategy is to focus on the delineation of its strategic unconventional resources in Argentina. The Company's Western Canadian assets are considered non-core to the future of the Company. Accordingly, there has been no capital allocated to the Western Canadian assets in the Company's 2015 budget.
- The Corporation is committed to rationalizing select non-core assets as appropriate and continues to actively seek joint venture opportunities, which would permit it to accelerate the exploration and development of its properties.

About Madalena Energy

Madalena is an independent, Canadian-based, international 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 shale, Agrio shale, Loma Montosa oil resource play and liquids-rich Mulichinco. The Company is implementing horizontal drilling and completions technology to develop its high impact conventional and resource plays.

In Western Canada, Madalena holds approximately 200 gross (150 net) sections of land (approximately 79% average W.I.) focused on light oil and liquids-rich gas in west central Alberta. Madalena's domestic assets are largely operated and contain a significant inventory of horizontal development locations.

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)
kshaw@madalenaenergy.com

Thomas Love, CA

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

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, 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.

Resource Thickness

With respect to disclosure in this news release of thickness of resources, all disclosure is based on Madalena's internal estimates and measurements. Madalena has a 90% working interest in the Curamhuele block and a 35% working interest on the Coiron Amargo block, both of which are located in the Neuquén basin in Argentina. Madalena expects the Vaca Muerta to be oil prone at Coiron Amargo and liquids prone at Curamhuele. Please see the disclosure in Madalena's news release dated April 30, 2013 for details with respect to the risks and uncertainty associated with the recovery of Madalena's resources.

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.