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**Madalena Announces Horizontal Sierras Blancas Test Results, CAN.xr-2(h) Production Update and Drilling Program Update in Neuquén Basin, Argentina**

Madalena Energy Inc. (TSX-V: MVN and OTC: MDLNF) (the “Company” or “Madalena”) is pleased to announce the results of a multi-rate production test for its CAN-15(h) horizontal well, which is the Company’s second horizontal well drilled on its international assets in the Neuquén Basin in Argentina as well as a production update and drilling program update on its assets in the Neuquén Basin, Argentina:

**International Update: Neuquén Basin, Argentina -Coiron Amargo Block**

***Sierras Blancas Test Results at CAN-15(h): Second Horizontal Well of a Multi-well Program in 2014***

The CAN-15(h) well was recently drilled horizontally in the Sierras Blancas light oil reservoir in the Coiron Amargo block to a total measured depth of 3,750 metres with a horizontal lateral section of approximately 692 metres in length. This well is the second horizontal well drilled into the Sierras Blancas which is a conventional light oil reservoir sourced from the Vaca Muerta shale across the Coiron Amargo block. The 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. Throughout the multi-rate production test, the CAN-15(h) well flowed without artificial lift equipment and was tested for approximately 75 hours at various choke settings ranging from 6 mm to 12 mm in size with the following flow rates observed during the test:

With the production test only being carried out on a portion of the horizontal lateral section as planned, the highest rates were achieved on a 12 mm choke setting, when the CAN-15(h) well was flowed at a rate of 1,393 bbls/d of oil with 3,301 mcf/d of associated natural gas for a total of **1,943 Boe/d (72% oil)** over a 5 hour period and at an average flowing pressure of approximately 1,263 psi.

On an 8mm choke setting, the CAN-15(h) well was flowed at a rate of 745 bbls/d of oil with 1,990 mcf/d of associated natural gas for a total of **1,077 Boe/d (69% oil)** over a 29 hour period and at an average flowing pressure of approximately 1,629 psi.

During the test period of 75 hours, the total gross produced cumulative volumes were approximately 2,553 barrels of oil and approximately 7,210 mcf of natural gas, for a total of approximately 3,754 barrels of oil equivalent (68% oil) gross. No significant flowing pressure declines were observed throughout the testing period and water cuts ranged from 0% to 3% throughout the test period. Madalena has a 35% working interest in the CAN-15(h) well.

***Production Update at CAN.xr-2(h): First International Horizontal Well Exceeding Expectations***

The CAN.xr-2(h) well, which was Madalena's first use of horizontal drilling technology internationally, was 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.

The CAN.xr-2(h) well has now been producing since late 2013 and has exceeded management’s expectations. The well has been producing oil at restricted rates for most of Q1 – 2014.

Cumulative oil production for Q1-2014, based on field estimates, was approximately 63,000 barrels of oil plus associated solution gas. Average daily production was approximately 700 bbls/d and 1,560 mcf/d of associated solution gas for a total of **978 boe/d (72% oil) over a three month period in Q1-2014**. The well has been recently tied into a permanent pipeline system to the central plant and gas dehydration and compressor facility and, accordingly, associated solution gas volumes will be realized as sales in future quarters. Madalena has a 35% working interest in the CAN.xr-2(h) well.

### ***International Drilling Program Update***

The Company has an inventory of high impact horizontal locations across the Coiron Amargo block (35,000 net acres) and based on the horizontal results achieved to date is moving forward with its planned multi-well horizontal program in 2014. A third horizontal well targeting the Sierras Blancas light oil reservoir is expected to be drilled in Q2 into the same pool as that developed with the CAN-15(h) well which is one of the largest Sierras Blancas pools identified on the Coiron Amargo block to date. After this third horizontal is executed in the field, one to two additional horizontal wells targeting the Sierras Blancas light oil play is expected to be drilled, completed and tied-in to production facilities prior to year-end 2014.

Recently, the Company has intensified its focus on the Vaca Muerta shale with a view to further unlocking the unconventional resources across the block. The Coiron Amargo block is strategically positioned within the Neuquén basin in the shallower portion of the Vaca Muerta oil window and in an area where over 150 Vaca Muerta shale wells have been drilled over the last 12 to 14 months. Industry activity continues to increase offsetting the Coiron Amargo block where Madalena drilled the CAS.x-14 and the CAS.x-15 vertical wells in Coiron Amargo Sur (South) for the Vaca Muerta shale in 2013. The CAS.x-14 and CAS.x-15 wells were drilled and cased encountering approximately 105 and 114 metres respectively of Vaca Muerta shale on logs. Completion (stimulation work and/or multi-stage frac) and testing activities on these wells are expected to commence in Q2 – 2014.

### **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 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 implementing horizontal drilling and completions technology to high impact international plays and is currently focused on a conventional oil play in the Sierras Blancas formation. Madalena holds approximately 132,200 net acres on the Coiron Amargo (34,951 net acres), Curamhue (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 (approximately 78% average W.I.) encompassing multiple 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, Notikewin/Wilrich and other 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](http://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 test results, production from Madalena's properties and anticipated operational initiatives. 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 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](http://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. 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. While Madalena is very encouraged by the initial results from the CAN-15(h) horizontal well, the flowback information disclosed above should be considered preliminary and is not indicative of the well's long-term performance. 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.

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.

Certain information in this document 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 in which Madalena may hold an interest and such information has been presented to help demonstrate the basis for Madalena's business plans and strategies.

However, such analogous information has not 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 of 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.

**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.**