



MADALENA ANNOUNCES 374% INCREASE TO DISCOVERED RISKED CONTINGENT RESOURCE ESTIMATE FOR ITS VACA MUERTA SHALE ACREAGE AT COIRON AMARGO IN ARGENTINA

Madalena Energy Inc. ("Madalena" or the "Company") (TSXV: MVN and OTC: MDLNF) is pleased to announce the results of its independent resource reports effective as at September 30, 2015.

The Company has been advancing its key resource plays in Argentina with the goal of converting estimated Prospective Resources to Contingent Resources via a focused delineation program on certain core area **Vaca Muerta Shale** and **Lower Agrio Shale** assets. The Company has also been advancing activities on its strategic conventional oil and gas properties. As Madalena advances further from the delineation to development stages on its key resource plays, the Company anticipates promoting certain Resources to Reserves.

On an annual basis (generally late February) Madalena releases an independent assessment of its estimated year end oil and gas reserves. In addition to this annual assessment of reserves, the Company assesses its Contingent and Prospective Resources given the nature of its unconventional assets. Contingent Resources are estimates of recoverable oil and gas volumes which have been discovered but are not yet reserves and Prospective Resources would be the estimated recoverable volumes of oil and gas from reservoirs that are less certain than those classified as Contingent Resources. For more detailed definitions of these terms please see the reader advisory at the end of this news release.

Based on progress to date from positive drilling results and evaluation work, Madalena commissioned new resource reports which replace certain previous reports dated December 2012. For purposes of this resource update, three of the Company's twelve concessions were evaluated including the Coiron Amargo, Curamhuele and Valle Morado blocks.

Highlights

- Company Best Estimate Risked Contingent Resources attributed to the **Vaca Muerta Shale** at Coiron Amargo are **91.5 MMBOE (152.4 MMBOE Unrisked) up 374%** from the December 2012 estimate of 19.3 MMBOE;
- **517 (181 net) Horizontal Multi Frac Vaca Muerta Shale locations** at Coiron Amargo associated with the Best Estimate Contingent Resources;
- On the Valle Morado block the Company has conventional deep gas Best Estimate Contingent Resources of **75.3 Bcf (Unrisked 117.1 Bcf)**;
- On the Curamhuele block, **Lower Agrio Shale** Best Estimate Risked Prospective Resources **99.4 MMBOE (Unrisked 365.4 MMBOE)**;
- **570 (517 net) Horizontal Multi Frac Lower Agrio Shale locations** at Curamhuele associated with the Best Estimate Prospective Resources;
- In addition to the Lower Agrio Shale at Curamhuele, a **Vaca Muerta Shale** at Curamhuele Best Estimate Risked Prospective Resources 92.6 MMBOE (Unrisked 1,157.1 MMBOE);
- Madalena's **Total Risked Contingent Resources** are **105.2 MMBOE (172.7 MMBOE Unrisked)**; and
- Madalena's **Total Risked Prospective Resources** are **192.0 MMBOE (1,522.5 MMBOE Unrisked)**.

The resource reports were prepared by independent qualified reserves evaluators with an effective date of September 30, 2015 and have been prepared in accordance with the National Instrument 51-101 – *Standards of Disclosure for Oil and Gas Activities* ("NI 51-101") and the Canadian Oil and Gas Evaluation Handbook (the "COGE Handbook"). Ryder Scott Company L.P. updated their December 2012 resource report for Curamhuele Vaca Muerta resources ("Ryder Scott Report") while GLJ Petroleum Consultants ("GLJ") prepared new resource reports for Coiron Amargo, Valle Morado and Curamhuele Lower Agrio and Mulichinco ("GLJ Reports"). For the definitions of the various resource categories used herein see the "Reader Advisories" contained at the end of this press release.

Coiron Amargo Block (Neuquén Basin, Argentina)

Madalena has a 35% working interest ("WI") in the 99,860 (34,951 net) acre block directly offsetting the YPF/Chevron Loma Campana block which is currently producing approximately 40,000 BOE/d from the Vaca Muerta. The Coiron Amargo block is divided into two regions called Coiron Amargo Norte (northern portion of the block) and Coiron Amargo Sur (southern portion of the block). Coiron Amargo Norte is currently held by Madalena under a 25 year exploitation (development) concession until 2038 with no further firm commitments required to be undertaken by Madalena on this portion of the block.

On April 16, 2015, the Company received a three year evaluation phase contract from the Province of Neuquén for Coiron Amargo Sur. The Company's share of the work commitment is US\$17.5 million and must be incurred by November 8, 2017. Following this three year evaluation phase contract, Madalena is eligible to enter into an exploitation (development) concession and/or enter into additional evaluation phase periods to further explore and appraise the Coiron Amargo Sur block.

Since December 31, 2012 (the date of the earlier resource report), the Company and its partners have drilled eight wells through the Vaca Muerta formation. Three vertical wells were specifically targeting the Vaca Muerta on which the Company gathered key geological and engineering data necessary to further evaluate the block. There are now a total of 24 well penetrations. Based on these results and significant offsetting activity, additional acreage covering most of the block has been promoted from Undiscovered Petroleum Initially In Place ("UPIIP") to Discovered Petroleum Initially In Place ("DPIIP") with the corresponding reclassification of the estimates of Prospective Resources to Contingent Resources.

The Contingent Resources on the Coiron Amargo block relate to the Vaca Muerta and have been sub-classified as Development Unclassified. The Company and its partners are planning to drill 2-3 Vaca Muerta Horizontal Multi-Frac ("Hz MF") wells over the next two years.

The results of the GLJ Report at Coiron Amargo are summarized in the following table.

	Madalena Company Interest		
	Low Est	Best Est	High Est
Discovered Petroleum Initially In Place (DPIIP) (MMBbls)	1,815.5	2,453.2	3,213.3
Unrisked Contingent Oil (MMBbls)	91.3	142.3	230.2
Unrisked Contingent Gas (Bcf)	31.1	60.5	117.4
Unrisked Contingent BOE 6:1 (MMBOE)	96.5	152.4	249.8
Risked Contingent Oil (MMBbls)	54.8	85.4	138.1
Risked Contingent Gas (Bcf)	18.6	36.3	70.5
Risked Contingent BOE 6:1 (MMBOE)	57.9	91.5	149.9

- 1) *There is no certainty that it will be commercially viable to produce any portion of the resources referred to in the table above.*
- 2) *As at December 31, 2014, the Proved plus Probable Reserves associated with the Company's interest in Coiron Amargo block were estimated at 105 MBOE. The cumulative production from the Coiron Amargo block up to September 30, 2015 was 4 MBOE. The portion of the estimate of DPIIP that is not represented by Contingent Resources, Reserves or cumulative production is currently classified as Discovered Unrecoverable Petroleum Initially In Place*

- 3) *Tables may not add due to rounding.*
- 4) *The Contingent Resources have been sub-classified as Development Unclassified.*
- 5) *Risks are based on a 60% Chance of Development.*

Contingencies

Contingencies associated with the Contingent Resource volumes associated specifically to this block include only commercial factors such as:

- (1) Productivity of reservoir in areas with no tests;
- (2) Detailed development plan including infrastructure improvements or expansions;
- (3) Access to sufficient services including drilling, frac equipment and supplies;
- (4) Granting of Exploitation Concession for Coiron Amargo Sur;
- (5) Economic conditions, including commodity price, capital and operating costs; and
- (6) Corporate commitment and sanctioning by Madalena and its partners.

The project is not contingent on discovery or technical factors.

Risks and Significant Positive and Negative Factors

Based on the recent drilling (including offset lease line wells), and 3D seismic, the Chance of Discovery has been set at 100%. Due to the complexity, size and scope of economical resource development, the Chance of Development has been set at 60%. For Contingent Resources, the Chance of Commerciality is based solely on the Chance of Development and therefore, the Contingent Resources have been multiplied by 60% to arrive at a Risked Contingent Resource estimate.

Significant positive factors for these Contingent Resources include:

- (1) Good well control along with 3D seismic;
- (2) Significant offsetting economic well production and continuing development;
- (3) Proximity to infrastructure with current capacity to handle production growth;
- (4) Longer Hz MF wells are showing significant increases in productivity;
- (5) Corporate commitment to continue to drill and apply North American technology with Hz MF wells;
- (6) Long term block contract for Coiron Amargo Norte and potential to extend to a 35 year unconventional license for Coiron Amargo Sur;
- (7) Current premium pricing for oil and gas in Argentina as the country deals with a sizable energy imbalance; and
- (8) Flat topography and close proximity to the oil service industry hub for Argentina.

Significant negative factors for these Contingent Resources include:

- (1) Impact of significant growth in offsetting production which may fill existing infrastructure;
- (2) Necessity for significant amount of capital required to develop the resource at an acceptable cost;
- (3) Potential for lower commodity prices; and
- (4) Political or country risk associated with a growing industry in Argentina.

Although a detailed development plan has not been prepared, the GLJ Report has identified 517 (181 net) Hz MF locations assuming 160 acre spacing at 85% efficiency. To confirm the economics of the Contingent Resources, type well economics were run based on drilling Hz MF wells every 160 acres. The type well curves were based on Hz MF wells directly offsetting Coiron Amargo wells drilled by YPF at Loma Campana and Shell at Cruz de Lorena and Sierras Blancas. The assumptions for the low/best/high cases and results are summarized below:

	Low	Best	High
Initial 30 day Production/well Bbls/d	525	800	1,275
Ultimate Recovery/well MBbls	525	800	1,275
CAPEX \$/well US MM	12.0	12.0	12.0
NPV@10%/well US \$MM	6.6	15.1	29.1
Payout Years	7.5	3.0	1.8

Valle Morado Block (Noreste Basin, Argentina)

The Company acquired its interest (96.6% WI) in the Valle Morado Block through the acquisition of certain properties in Argentina in June 2014. This block covers 49,099 (47,423 net) acres and Madalena is the operator. The contract for this Exploitation Concession expires in October 2034 with an option to continue for subsequent ten year periods. The Valle Morado GTE.St.VMor-2001 well was first drilled in 1989. A previous operator completed a 3-D seismic program over the field and constructed a gas plant and pipeline infrastructure. Production began in 1999 from the GTE.St.VMor-2001 well, but was shut-in in 2001 due to downhole mechanical issues which were suspected to be caused by an earthquake. Despite several attempts, the previous operator was unable to address the mechanical issues in the initial discovery wellbore. Prior to the mechanical issues the well had been producing at 20-25 MMcf/d and had recovered a cumulative 4.8 Bcf plus 40 MBbl of condensate. The Company has no work obligations on this block.

Based on the previous production test, 3D seismic and the existing infrastructure, the GLJ Report has assigned certain DPIIP and Contingent Resources to the Valle Morado Block. The Contingent Resources have been sub-classified as Development Unclassified. The results of the GLJ Report at the Valle Morado Block are summarized in the following table:

	Madalena Company Interest		
	Low Est	Best Est	High Est
Discovered Petroleum Initially In Place (DPIIP) (Bcf)	78.2	227.9	493.6
Unrisked Contingent Gas (Bcf)	31.8	117.1	305.8
Unrisked Contingent NGL (MMBbls)	0.2	1.0	2.8
Unrisked Contingent BOE (MBOE)	4.7	19.7	53.0
Risked Contingent Gas (Bcf)	18.2	75.3	201.8
Risked Contingent NGL (MMBbls)	0.2	0.7	1.9
Risked Contingent BOE (MMBOE)	3.2	13.2	35.5

- 1) *There is no certainty that it will be commercially viable to produce any portion of the resources referred to in the table above.*
- 2) *The portion of the estimate of DPIIP that is not classified as Contingent Resources is currently classified as Discovered Unrecoverable Petroleum Initially In Place. As of September 30, 2015, cumulative production from Valle Morado was 4.8 Bcf and 40 Mbbls of condensate.*
- 3) *Tables may not add due to rounding.*
- 4) *The Contingent Resources have been sub-classified as Development Unclassified.*
- 5) *Risks are based on a 67% Chance of Development.*

Contingencies

Contingencies associated with the Contingent Resource volumes associated specifically to this block include only commercial factors such as:

- (1) Detailed development plan including more detailed cost estimates and infrastructure repairs;
- (2) Economic conditions, including commodity price, capital and operating costs; and,
- (3) Corporate commitment and sanctioning by Madalena.

The project is not contingent on discovery or technical factors. The economics were based on a conceptual development study which involved drilling three wells and upgrading the existing gas plant.

Risks and Significant Positive and Negative Factors

Based on the initial well and production test, the Chance of Discovery has been set at 100%. Due to the depth (6,000 m) and complexity of the reservoir units, the Chance of Development has been set at 67%. The Chance of Commerciality is based solely on Chance of Development and therefore, the Contingent Resources have been multiplied by 67% to arrive at a Risked Contingent Resource estimate.

Significant positive factors for this Contingent Resource estimate include:

- (1) Original well with production history;
- (2) Existing infrastructure and close proximity to main gas trunk line;
- (3) Long term block contract and opportunity to extend for subsequent ten year periods;
- (4) Incentive fixed price gas contracts at US \$7.50/mmbtu for incremental supply; and
- (5) Multiple horizons/reservoirs with gas tests in three different zones.

Significant negative factors for this resource include:

- (1) Depth and complexity of drilling operations;
- (2) Capital investment per well is approximately four times a Hz MF well;
- (3) Reservoir quality and continuity could be more variable; and
- (4) Surface topography is challenging.

Curamhuele Block – Lower Agrio Shale Formation (Neuquén Basin, Argentina)

The Company has a 90% WI and is the operator in the 56,216 (50,595 net) acre exploration concession. By way of official Decree received Dec 24, 2014, Madalena had a ten month first exploration period extension to Sept 8, 2015. The commitment is to invest US\$ 13,000,000 to evaluate the Mulichinco and Lower Agrio formations at Curamhuele. Currently, the Company is drilling and evaluating the Yapai-X.1001 well. The Company has started preliminary discussions with the Province of Neuquén and its partner Gas y Petroleo del Neuquén S.A. (the provincial oil company) for a further extension. After fulfilling the commitment the Company can enter into a Second Exploration Period (four years) or, apply for an Evaluation Period for 5 years. Additional investment commitments would be required for both scenarios. In the case of the Second Exploration Period, there would be a relinquishment of up to 50% of the acreage. In the case of an Evaluation Period no acreage needs to be relinquished but the commitment would likely be higher.

The Lower Agrio has been tested on the block with a conventional well completion and directly offsetting with a multi frac vertical well completion. Based on the limited information and results to date, the Lower Agrio has been classified as Undiscovered with the estimated recoverable portion classified as Prospective Resources. Given the Company is actively testing the prospect through a planned unconventional completion, the Prospective Resources have been sub-classified as a Prospect which has a higher degree of certainty than a Lead or a Play. The GLJ Report is summarized as follows:

	Madalena Company Interest		
	Low Est	Best Est	High Est
Undiscovered Petroleum Initially In Place (UPIIP) (MMBbls)	2,376.6	4,606.3	6,796.4
Unrisked Prospective Oil (MMBbls)	144.9	328.2	568.5
Unrisked Prospective Gas (Bcf)	73.9	223.2	483.2
Unrisked Prospective BOE 6:1 (MMBOE)	157.2	365.4	649.1
Risked Prospective Oil (MMBbls)	39.4	89.3	154.6
Risked Prospective Gas (Bcf)	20.1	60.7	131.4
Risked Prospective BOE 6:1 (MMBOE)	42.8	99.4	176.5

- 1) *There is no certainty that any portion of the resources will be discovered. If discovered, there is no certainty that it will be commercially viable to produce any portion of the resources referred to in the table above.*
- 2) *The portion of the estimate of UPIIP that is not classified as Prospective Resources is currently classified as Undiscovered Unrecoverable Petroleum Initially In Place.*
- 3) *Tables may not add due to rounding.*
- 4) *The Prospective Resources have been sub-classified as Prospect.*
- 5) *Risks are based on Chance of Discovery 68%, Chance of Development 40% for an aggregate risk of 27.2%.*

Risks and Significant Positive and Negative Factors

As discussed, the Lower Agrio has been identified as Prospective Resources. The Chance of Discovery for this unconventional shale play has been defined as the product of the probability of source, maturity, trap or seal, and reservoir properties. The estimated numerical value for the Chance of Discovery is 68%. Based on the interpreted superior reservoir characteristics for the bottom section of the Lower Agrio, the Chance of Development is estimated at 40%. The Chance of Commerciality is the product of the Chance of Discovery and Chance of Development and therefore, the Prospective Resources have been multiplied by 27.2% to arrive at a Risked Prospective Resources estimate.

Significant positive factors for these Prospective Resources estimate include:

- (1) Existing wellbore penetrations with oil shows and tests indicating a relatively thick shale with total organic carbon > 3% and porosity of 4-10%;
- (2) 3D seismic coverage across half of the block;
- (3) Significantly over pressured reservoir based on mud weights and bottom hole pressure tests; and,
- (4) Stacked development scenarios with two Hz MF wells per spacing unit improve capital efficiencies.

Significant negative factors for these Prospective Resources estimate include:

- (1) Depth (3,600-3,800 m) and complexity of drilling operations;
- (2) Surface topography being in the foothills of the Andes and more remote to the oil and gas service industry; and
- (3) No immediately proximate analogs.

Curamhuele Block – Vaca Muerta Shale Formation (Neuquén Basin, Argentina)

In addition to the Lower Agrio as discussed above, Curamhuele is prospective for the Vaca Muerta. Although there are no Vaca Muerta penetrations on the block there are offsetting wells with indicated hydrocarbons. Based on these logs and geological mapping using 3D seismic along with the basin wide knowledge on the Vaca Muerta reservoir, Ryder Scott Report estimated UPIIP and correspondingly estimated Prospective Resources being the recoverable portion of the UPIIP. Due to the limited information and the early stage exploration efforts the Prospective Resources have been further sub-classified as a Lead.

A summary of the Prospective Resources from the Ryder Scott Report is presented in the following table:

	Madalena Company Interest		
	Low Est	Best Est	High Est
Undiscovered Petroleum Initially In Place (UPIIP) (MMBbls)	7,884.0	9,642.6	11,762.1
Unrisked Prospective Oil (MMBbls)	174.6	666.9	1,207.8
Unrisked Prospective Gas (MMcf)	662.4	2,941.2	8,095.5
Unrisked Prospective BOE 6:1 (MMBOE)	285.0	1,157.1	2,557.1
Risked Prospective Oil (MMBbls)	14.0	53.4	96.6
Risked Prospective Gas (MMcf)	53.0	235.3	647.6
Risked Prospective BOE 6:1 (MMBOE)	22.8	92.6	204.6

- 1) *There is no certainty that any portion of the resources will be discovered. If discovered, there is no certainty that it will be commercially viable to produce any portion of the resources referred to in the table above.*
- 2) *The portion of the estimate of UPIIP that is not classified as Prospective Resources is currently classified as Undiscovered Unrecoverable Petroleum Initially In Place.*
- 3) *Tables may not add due to rounding.*
- 4) *The Prospective Resources have been sub-classified as a Lead.*
- 5) *Risks are based on Chance of Discovery 32%, Chance of Development 25% for an aggregate risk of 8%*

Risks and Significant Positive and Negative Factors

As discussed, the Vaca Muerta has been identified as Undiscovered Resources at Curamhuele. The geological chance of success in a shale play is based on risk factors that are different than the four risk factors used in conventional reservoir (timing and migration, source rock, reservoir and trap or seal). In the shale play the shale is the source, reservoir and trap. The risk in a shale play is generally defined as presence of shale, significant organic content, thermal maturity, producibility and continuity. Therefore, the Chance of Discovery is the product of these five independent risks. For the Vaca Muerta at Curamhuele, the estimated numerical value for the Chance of Discovery is 32%. The Ryder Scott Report currently estimates the Chance of Development at 25%. Additional well information and test data along with a better understanding of infrastructure issues will be required to improve the Chance of Development. The Chance of Commerciality is the product of the Chance of Discovery and Chance of Development and therefore, the Prospective Resources have been multiplied by 8% to arrive at a Risked Prospective Resource estimate.

Significant positive factors for these Prospective Resources estimate include:

- (1) 3D seismic coverage across half of the block;
- (2) Significant gross thickness at 700 – 800 m;
- (3) Stacked development scenarios with two to four Hz MF wells per spacing unit improve capital efficiencies; and,
- (4) Basin wide development of the Vaca Muerta.

Significant negative factors for these Prospective Resources estimate include:

- (1) Depth (4,000+ m) and complexity of drilling operations;
- (2) Surface topography being in the foothills of the Andes and more remote to the oil and gas service industry; and,
- (3) No offsetting commercial analogs.

Total Contingent Resources and Reconciliation to Previous Reports

Aggregation of resource estimates for high cases or low cases would potentially be misleading. For example, if we added the high case (P10) for two or more properties, the probability of achieving the high case (P10) for both properties would be less than 10%. Therefore, when presenting Total Contingent Resources, Madalena presents only the best estimate (P50) on an unrisked and risked basis. See table below:

Best Estimate (P50)	Oil MMBbbls	NGL MBbbls	Gas Bcf	BOE MBOE
Contingent Resources Unrisked				
Coiron Amargo Vaca Muerta	142.0	-	60.5	152.4
Valle Morado	-	1.0	112.4	19.7
Other Minor	-	0.2	2.9	0.6
Total Contingent Unrisked	142.0	1.1	175.8	172.7
Contingent Resources Risked				
Coiron Amargo Vaca Muerta	85.4	-	36.3	91.4
Valle Morado	-	0.7	75.3	13.2
Other Minor	-	0.1	2.7	0.6
Total Contingent Risked	85.4	0.8	114.3	105.2

- 1) There is no certainty that it will be commercially viable to produce any portion of the resources referred to in the table above.
2) Tables may not add due to rounding.

Reconciliation of the Risked Contingent Resources Best Estimate is summarized in the following table:

Best Estimate	Oil MMBbbls	NGL MMBbbls	Gas Bcf	Equivalent MMBOE
Opening Balance Dec 31, 2012	18.4	0.07	8.1	19.8
Exploration Discoveries	-	-	-	-
Drilling Extensions	67.1	-	28.1	71.8
Acquisitions	-	0.7	75.3	13.2
Dispositions	-	-	-	-
Economic Factors	-	-	-	-
Technical Revisions	(0.1)	0.07	2.7	0.4
Production	-	-	-	-
Closing Balance Sept 30, 2015	85.4	0.8	114.3	105.2

The opening balance as of December 31, 2012 was presented on an unrisksed basis. New regulations governing the disclosure of resources other than reserves ("ROTR") indicate the reconciliation and reporting of Contingent or Prospective Resources must be done on a risksed basis. Had Madalena started with Risksed Contingent Resources in its opening balance the technical revisions and additions would have been larger.

The drilling extensions relate entirely to successful drilling and additional information on the Vaca Muerta at Coiron Amargo. The entire block has now been evaluated and classified as discovered; hence, the Prospective Resource at Coiron Amargo has decreased while the Contingent Resource has increased. The acquisition relates to the purchase of the Valle Morado property in June 2014.

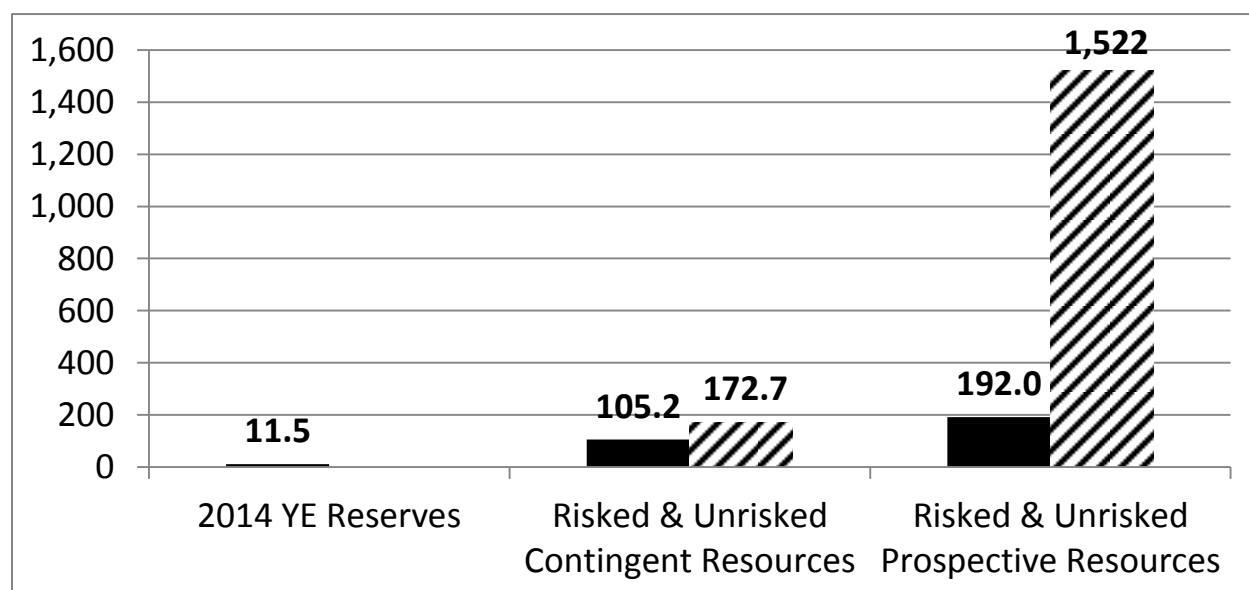
Total Prospective Resources

Total Prospective Resources using only the Best Estimate (P50) are summarized in the following table:

	Oil MMBbls	NGL MBbls	Gas Bcf	BOE MBOE
Prospective Resources Unrisked				
Curamhuele Lower Agrio	328.2	-	223.2	365.4
Curamhuele Vaca Muerta	666.9	-	2,941.2	1,157.1
Total Prospective Resources Unrisked	995.1	-	3,164.4	1,522.5
Prospective Resources Risked				
Curamhuele Lower Agrio	89.3	-	60.7	99.4
Curamhuele Vaca Muerta	53.4	-	235.3	92.6
Total Prospective Resources Risked	142.7	-	296.0	192.0

The significant difference between the Unrisked and Risked Prospective Resources reflects a great uncertainty for these projects in their early life. Additional drilling and testing is usually required to promote these resources to Contingent Resources and ultimately Reserves. Assuming a successful production test at Curamhuele at the Yapai.X-1001 well, the Company would expect a reduction in the risk and the promotion of at least a portion of the Prospective Resources for Lower Agrio.

The comparison of the Company's Reserves (December 31, 2014), Contingent and Prospective Resources (September 30, 2015) on a risked and unrisked basis is presented in the following chart as MMBOE:



As of December 31, 2014 the Company's total Proved plus Probable Reserves were 11.5 MMBOE as evaluated in accordance with NI 51-101 and the COGE Handbook by GLJ, in respect of the Company's reserves in Argentina, and McDaniel and Associates Consultants Ltd., in respect of the Company's reserves in Canada. There are no reserves associated with the Company's Vaca Muerta shale, Lower Agrio shale or Valle Morado properties other than 105 MBOE of Proved plus Probable Reserves for minor Vaca Muerta producing and non-producing wells at Coiron Amargo.

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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, and disclosure with respect to reserves or resources is deemed to be forward-looking statements. 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, the expected terms of extensions of certain of the Company's concessions, the expectation that certain undiscovered resources may be promoted to discovered resources, and the expected characteristics of such properties, including, without limitation, the reserves associated therewith. 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 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 COGE 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.

Notes to Disclosure of Resources and Reserves

Volumes of reserves and resources have been presented based on a company interest basis which includes Madalena's royalty interests without deducting royalties payable by the Company. Certain volumes are arithmetic sums of multiple estimates of Contingent and Prospective Resources, which statistical principles indicate may be misleading as to volumes that may actually be recovered. Readers should give attention to the estimates of individual classes of resources and appreciate the differing probabilities of recovery associated with each class as explained herein. The estimates of reserves and resources for individual properties may not reflect the same confidence level as estimates of reserves and resources for all properties, due to the effects of aggregation.

Unbooked Drilling Locations

Unbooked locations as disclosed herein have been identified by for the purposes of estimating Contingent Resources and have been identified based on evaluation of applicable geologic, seismic and engineering information. There is no certainty that the Company will drill all unbooked drilling locations and if drilled there is no certainty that such locations will result in additional oil and gas reserves or production. The drilling locations on which the Company actually drill wells will ultimately depend upon the availability of capital, regulatory approvals, seasonal restrictions, oil and natural gas prices, costs, actual drilling results, additional reservoir information that is obtained and other factors.

Definitions

"Contingent Resources"

Definition: Those quantities of petroleum estimated, as of a given date, to be potentially recoverable from known accumulations using established technology or technology under development, but which are not currently considered to be commercially recoverable due to one or more contingencies. Contingencies may include factors

such as economic, legal, environmental, political, and regulatory matters or a lack of markets. It is also appropriate to classify as contingent resources the estimated discovered recoverable quantities associated with a project in the early evaluation stage.

"Discovered Unrecoverable Petroleum Initially In Place"	Definition: That portion of discovered petroleum initially in place which is estimated, as of a given date, not to be recoverable by future development projects.
"Prospective Resources"	Definition: Those quantities of petroleum estimated, as of a given date, to be potentially recoverable from undiscovered accumulations by application of future development projects. Prospective resources have both an associated chance of discovery and a chance of development.
"Total Petroleum Initially-In-Place", "Total Resources" or "TPIIP"	Definition: That quantity of petroleum that is estimated to exist originally in naturally occurring accumulations; equal to DPIIP plus UPIIP. It includes that quantity of petroleum that is estimated, as of a given date, to be contained in known accumulations, prior to production, plus those estimated quantities in accumulations yet to be discovered.
"Undiscovered Unrecoverable Petroleum Initially In Place"	Definition: That portion of undiscovered petroleum initially in place which is estimated, as of a given date, not to be recoverable by future development projects.
"Development Pending"	A sub-classification for Contingent Resources where resolution of the final conditions for development is being actively pursued with a high chance of development. It has the highest Chance of Commerciality for Contingent Resources.
"Development on Hold"	A sub-classification for Contingent Resources where there is reasonable chance of development but there are major non-technical contingencies to be resolved that are usually beyond the control of the operator. Development on Hold ranks behind Development Pending for Chance of Commerciality.
"Development Unclassified"	A sub-classification for Contingent Resources if they are still under evaluation or require significant further appraisal to clarify the potential for development.
"Development Not Viable"	A sub-classification for Contingent Resources where no further data acquisition or evaluation is currently planned and hence there is a low chance of development. This is lowest sub class for Contingent Resources.
"Prospect"	A sub-classification for Prospective Resources which is a potential accumulation within a play that is sufficiently well defined to represent viable drilling target. It is the highest level or most advanced level of Prospective Resources ranking ahead of "Lead" or "Play" for the Chance of Commerciality.
"Lead"	A sub-classification for Prospective Resources which is a potential accumulation within a play that requires more data acquisition and/or evaluation in order to be classified as a prospect. A "Lead" ranks ahead of "Play" for the Chance of Commerciality.
"Play"	A sub-classification for Prospective Resources which is a family of geologically similar fields, discoveries, prospects and leads. A "Play" ranks behind "Lead" or "Prospect" for the Chance of Commerciality.

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.