

CALGARY, Jan. 7, 2016 /CNW/ - [Madalena Energy Inc.](#) ("Madalena" or the "Company") (TSXV: MVN and OTCQX: MDLNF) provides the following comments on recent proposed changes to regulated Argentina oil prices and preliminary information on its 2016 Capital Budget.

PREMIUM PRICING RETAINED IN REGULATED ARGENTINA OIL MARKET

On November 23, 2015, the Argentine Republic elected a new centre-right government. Consistent with its campaign platform, currency controls were relaxed in December 2015 and the Argentine Peso ("AR\$") underwent a devaluation to reflect its purchasing power in the global economy. As outlined in Madalena's news release on December 17, 2015, a large percentage of the Company's costs are denominated in AR\$. As a result, the Company's cost to produce a barrel of oil in Argentina is expected to decrease in United States dollar ("US\$") equivalent terms.

In discussions with Madalena and other Argentina producers, the regulators in Argentina have advised that 2016 oil pricing is expected to be set at approximately US \$67.50 per barrel for Medanito crude quality oil, which maintains a premium to Brent and WTI pricing. Although the regulators have indicated the US\$ 67.50 will be the posted price for the year there can be no certainty that the oil price will not be further adjusted within the year. For reference, the US\$ 67.50 price equals AR\$ 911 per barrel at the current 13.5:1 AR\$ to US\$ foreign exchange rate, compared to the early December 2015 posted price of approximately US\$ 75.00 per barrel or AR\$ 735 per barrel at the previous 9.8:1 foreign exchange rate.

The Company believes the newly elected federal government is implementing its stated policy of providing a fiscal and regulatory environment that supports development of Argentina's domestic energy resources.

For reference, the link below provides a graph that illustrates the five year historical price of WTI, Brent and Medanito.

http://files.newswire.ca/1379/Madalena_Graph.pdf

MADALENA 2016 CAPITAL BUDGET

With further clarity in Argentina on both the devaluation of the AR\$ and the oil pricing environment, the Company will move to finalize its 2016 budget in the coming weeks. This budget will be based on the Company's expectations for US\$ 67.50 Medanito oil pricing throughout 2016 and will include all expenditures associated with Madalena's commitments in Argentina. Given the current commodity price environment in Canada, Madalena plans to continue to defer all discretionary capital expenditures on its non-core Canadian assets.

With approximately 95% of Madalena's oil production priced relative to Argentina's premium regulated oil market and a high quality asset base in Argentina, Madalena continues to be well positioned to prudently move forward in the current commodity price cycle.

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

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.

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 anticipated commodity price changes and the expectation that such pricing changes will remain in effect for a certain period of time, both of which are based on discussions with the Argentina Government, as well as matters related to capital spending plans for the Company.

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. These statements involve substantial known and unknown risks and uncertainties, certain of which are beyond the Company's control, including: the fact that the information related to commodity price changes and the duration thereof in this news release is based on discussions with the Argentina Government and no formal announcement or decree has been made as of yet with respect thereto; 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 actual results, decisions, pronouncements, 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 their impact will be on the Company. 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.

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.

SOURCE [Madalena Energy Inc.](#)

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