MATERIAL CHANGE REPORT

1. Name and Address of Reporting Issuer:

Madalena Energy Inc. ("**Madalena**" or the "**Company**")
200, 707 – 7th Avenue SW
Calgary, Alberta T2P 3H6

2. Date of Material Change:

January 22, 2014

3. News Release:

A news release disclosing the details discussed in this material change report was issued by the Company on January 22, 2014 and disseminated through the facilities of a recognized news wire service.

4. Summary of Material Change:

On January 22, 2014, Madalena entered into an agreement with Haywood Securities Inc. ("**Haywood**"), Mackie Research Capital Corporation and RBC Capital Markets ("**RBC**") (collectively, the "**Co-Lead Underwriters**"), on their own behalf and on behalf Beacon Securities Limited and National Bank Financial Inc. (collectively, with the Co-Lead Underwriters, the "**Underwriters**"), whereby the Underwriters will purchase, on a bought-deal basis, 28,571,500 common shares of the Company ("**Common Shares**") at a price of $0.70 per Common Share, for aggregate gross proceeds to the Company of $20,000,050 (the "**Offering**"). Haywood and RBC will act as joint book-runners in connection with the Offering.

The Underwriters shall also have the option (the "**Over-Allotment Option**"), exercisable at any time up to 30 days following closing, in whole or in part, to purchase from the Company up to an additional 15% of the Common Shares sold pursuant to the Offering to cover over-allotments and for market stabilization purposes. If the Over-Allotment Option is exercised in full, the maximum gross proceeds raised would be $23,000,057.50.

The net proceeds of the Offering will be used by the Company for further development of the Company's capital expenditure program in Argentina and Alberta and for general corporate and working capital purposes.

The Common Shares will be offered by way of a short form prospectus to be filed in the provinces of British Columbia, Alberta, Saskatchewan, Manitoba and Ontario pursuant to National Instrument 44-101 – *Short Form Prospectus Distributions*.

The closing of the Offering is expected to occur on or about February 11, 2014, and is subject to certain conditions, including, but not limited to, the receipt of all necessary regulatory approvals, including the approval of the TSX Venture Exchange.

5. Full Description of Material Change:

5.1 Full Description of Material Change

Please see Item 4, above.

5.2 Restructuring Transaction

Not applicable.

6. Reliance on subsection 7.1(2) of National Instrument 51-102:

Not applicable.

7. Omitted Information:

Not applicable.

8. Executive Officer:

The name and business number of the executive officer of Madalena who is knowledgeable of the material change and this report is:

Kevin Shaw, P. Eng, MBA
President and Chief Executive Officer
kdshaw@madalenaenergy.com
(403) 262-1901 ext. 230

9. Date of Report:

This report is dated January 24, 2014.

Forward-Looking Statements

This material change report includes certain statements that may be deemed "forward-looking statements" within the meaning of applicable Canadian securities legislation. Forward-looking statements include, but are not limited to, statements with respect to the Company's operations, exploration and development plans, expansion plans, estimates, expectations, forecasts, objectives, predictions and projections of the future. Specifically, this material change report contains forward looking statements with respect to the Offering, the timing thereof and the use of proceeds therefrom. Generally, forward-looking statements can be identified by the forward-looking terminology such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "projects", "intends", "anticipates", or "does not anticipate", or "believes", or variations of such words and phrases or state that certain actions, events or results "may", "can", "could", "would", "might", or "will", "be taken", "occur" or "be achieved". Forward-looking statements are subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of the Company to be materially different from those expressed or implied by such forward-looking statements, including but not limited to: risks related to the exploration and development and operation of the Company's projects, the actual results of current exploration, development activities, conclusions of economic evaluations, changes in project parameters as plans continue to be refined, future oil and gas prices, as well as those factors discussed in the sections relating to risk factors of our business filed in the Company's required securities filings on SEDAR. Although the Company has attempted to identify important factors that could cause results to differ materially from those contained in forward-looking statements, there may be other factors that cause results to be materially different from those anticipated, described, estimated, assessed or intended.

There can be no assurance that any forward-looking statements will prove accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements. The Company does not undertake to update any forward-looking statements that are incorporated by reference herein, except in accordance with applicable securities laws.