

NEWS RELEASE

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TSXV Trading Symbol: MVN

MADALENA COIRON AMARGO UPDATE

Madalena Ventures Inc. and its wholly owned subsidiary Madalena Austral SA ("Madalena" or the "Company"), is pleased to provide an update on its drilling and testing operations on the Coiron Amargo Block in the Province of Neuquén, Argentina.

At the CAS X-1 well location the Company has commenced its planned 3 stage hydraulic fracture stimulation of the Vaca Muerta formation. The CAS X-1 well was drilled in March 2011 to a total depth ("TD") of 11,840 feet and was cased to 11,300 feet in the Sierras Blancas formation. The Vaca Muerta formation interval encountered by the well was 425 feet thick and in July 2011 the lower portion of the formation flowed approximately 40 bopd of 32 degree API crude oil without any fracture stimulation treatment. The fracture stimulation is the first independent frac of the Vaca Muerta shale to be undertaken on land adjacent to the Loma La Lata field where YPF SA previously announced a major oil discovery¹ in the Vaca Muerta formation. Test results are expected in January 2012.

The Company has also commenced drilling the CAS X-4 exploration well located approximately nine kilometers south east of the CAS X-1 discovery well. The well is scheduled to be drilled to a TD of approximately 12,100 feet. Drilling plans include obtaining a full diameter core through the entire Vaca Muerta formation. The well location and drilling program has been designed to test the Vaca Muerta formation near the southern edge of the block as well as to allow examination of the prospective Quintuco horizon above and the Sierras Blancas and Lotena formations below. Drilling results are expected in January 2012. Immediately following drilling CAS X-4, the drilling rig will be mobilized to drill the CAS X-2 location in the central portion of the block.

In the northern portion of the block, installation of a central facility and gas pipeline is well underway which when completed will remove current restrictions to flow rates from four producing Sierras Blancas wells in the area. Installation, tie-in and testing of the pipeline are expected to be completed in January 2012.

About Madalena

Madalena is an independent, Canadian-based, international upstream oil and gas company whose main business activities include exploration, development and production of crude oil, natural gas liquids and natural gas. The Company currently has production and exploration operations in Argentina and is focused on international oil and gas opportunities in South America. Madalena is publicly traded on the TSXV under the symbol "MVN".

¹ The data associated with the Loma La Lata field may constitute "analogous information". Such information was released by YPF Sociedad Anónima in Forms 6-K filed with the Securities and Exchange Commission on May 11, 2011 and November 7, 2011. The data relates to production in geographical proximity to prospective lands held by Madalena. Management believes the information is relevant as it helps to define the reservoir characteristics in which the Company may have an interest. The Company is unable to confirm that the analogous information was prepared by a qualified reserves evaluator or auditor or in accordance with the COGE Handbook and therefore, the reader is cautioned that the data relied upon by Madalena may be in error and/or may not be analogous to Madalena's land holdings.

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Forward Looking Statements and BOE equivalents

The information in this news release contains certain forward-looking statements. These statements relate to future events or our future performance. 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 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 that 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 Company’s forward-looking statements 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.

Any references in this news release to test rates, flow rates, initial and/or final raw test or production rates, early production and/or “flush” production rates are useful in confirming the presence of hydrocarbons, however, such rates are not determinative of the rates at which such wells will commence production and decline thereafter. Additionally, 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 the Company.

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.

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.