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MADALENA VENTURES INC. ANNOUNCES FINANCIAL AND OPERATING RESULTS FOR THE THREE AND NINE MONTH PERIODS ENDED SEPTEMBER 30, 2011

Madalena Ventures Inc. ("Madalena" or the "Company") (TSX Venture: MVN) today announced that it has filed its unaudited financial statements and related management's discussion and analysis ("MD&A") for the three and nine month periods ended September 30, 2011 on www.sedar.com and on its website www.madalena-ventures.com. All amounts are in Canadian dollars ($) unless otherwise stated.

HIGHLIGHTS

Highlights in the nine months ended September 30, 2011 include:

- Successfully drilling the CorS X-1 deep gas exploration well on the Cortadera Block encountering thick Mulichinco, Quintuco and Vaca Muerta formations. Testing of the well is expected to begin in Q1 2012 once all necessary geo-chemical and geo-mechanical work is complete;
- Drilling and testing of the CAS X-1 and CAN X-4 wells on the Coiron Amargo Block resulting in initial test production rates from the Sierras Blancas formation of 200 and 650 barrels of oil per day (bopd), respectively;
- Finalizing plans at CAS X-1 for a large 3 stage hydraulic fracture stimulation program in mid December 2011 in the Vaca Muerta formation. Initial flow and pressure tests of the Vaca Muerta formation resulted in the well flowing approximately 40 bopd of 32 degree API crude oil without any fracture stimulation treatment; and
- Drilling the Yapai X-1001 exploration well on the Curamhuele Block recovering light gravity crude oil as well as natural gas without any measurable formation water from the Avile and Agrio formations.

OVERVIEW

<u>Coiron Amargo Block (35% working interest)</u>

At Coiron Amargo the Company has had a 100% drilling success rate in the conventional Sierras Blancas formation drilling five wells into separate anomalies defined on 3D seismic. In March 2011, the Company drilled and cased the CAS X-1 exploration well in the southern portion of the block and in May 2011 drilled the CAN X-4 well approximately 16 km away in the northern portion of the block. Oil and gas shows were evident in both wells during the drilling of the Sierras Blancas formation and the non-conventional Vaca Muerta formation.

In June 2011, the CAS X-1 well initially tested oil up to 200 barrels per day from the Sierras Blancas formation following fracture stimulation treatment. In July 2011, the CAN X-4 well tested from the Sierras Blancas formation over a 34 hour period at flow rates up to 650 bopd of 39 degree API light crude oil and 780 mcfd of gas at flow pressures between 700 – 900 psi wellhead pressure. Production from the four producing Sierras Blancas wells in the northern portion of the block is currently being restricted and fieldwork has commenced on a central facility and gas pipeline which will allow gas sales. An application to convert the northern portion of the block into a 25 year exploitation licence has been submitted for review by provincial authorities. Madalena further anticipates drilling a number of additional fault trend Sierras Blancas anomalies as well as a strong development drilling program on existing discovered anomalies.

In the non-conventional Vaca Muerta formation, the Company has now drilled a total of five vertical wells in the northern and southern portions of the block each of which appear similar on electric logs and have had indications of hydrocarbons. The total thickness of the Vaca Muerta formation has ranged from 350 to 475 feet thick. At the CAS X-1 well, flow and pressure data was collected from the lower portion of the formation in July 2011 with the well flowing at approximately 40 bopd of 32 degree API crude oil without any fracture stimulation treatment. The Company has finalized plans for a large 3 stage hydraulic fracture stimulation of the well which if successful could lead towards a large, multi-well drilling program on the block in 2012/2013 specifically for Vaca Muerta shale oil. The fracture stimulation is expected to commence in mid December 2011.

Cortadera Block (40% working interest)

In September 2011, the CorS X-1 exploration well was drilled with joint venture partner and operator Apache Energia Argentina S.R.L., (Apache), to a total depth ("TD") of 14,760 feet. The CorS X-1 well is a potential high impact exploration well targeting several thick tight sand and shale gas formations in an emerging potential shale gas corridor along the western edge of the basin. Based on electric logs in conjunction with select full diameter and side wall cores, the well encountered a gross thickness of 2,323 feet in the Vaca Muerta shale formation, 2,024 feet in the Quintuco formation overlying the Vaca Muerta formation and 676 feet in the Mulichinco formation. Additional rotary sidewall cores were obtained for analysis in the Agrio formation overlying the Mulichinco formation.

Over the past two months, extensive laboratory analysis of drill cuttings and cores has been underway for integration with electrical and mud logging information in order to design a testing and well stimulation program for the well. Testing and stimulation operations are anticipated to commence in Q1 2012.

Curamhuele Block (90% working interest)

In April 2011, the Company completed drilling the Curamhuele X-1001 exploration well (truncation play) to a total depth of 8,430 feet without encountering commercial quantities of hydrocarbons and subsequently abandoned the well.

In June 2011, the Company completed drilling the Yapai X-1001 well to a total measured depth ("MD") of 10,743 feet (10,478 true vertical depth or "TVD") penetrating the Lower Troncoso, Avile and Agrio formations. The Avile and Agrio formations were perforated and swab tested in three stages between 7,782 feet MD and 10,620 feet MD. Light gravity crude oil was recovered from each test as well as natural gas without any measurable formation water indicating a trapped hydrocarbon system. A fracture stimulation program is being designed in order to fully test and evaluate these formations.

The Yapai X-1001 well could be re-entered at a later date and deepened to the Mulichinco and Vaca Muerta shale formation. In addition, two previous wells drilled on the block, Curamhuele X-1 and Yapai X-1, have been drilled into the Mulichinco formation and will be reviewed for tie-in and or potential re-entry to test the prospective Vaca Muerta shale formation. Information gathered from the drilling and testing of the CorS X-1 well is also expected to assist the Company in developing plans for future exploration and potential development of the Vaca Muerta formation in the block.

FINANCIAL AND OPERATING INFORMATION

Certain selected financial and operating information for the three and nine month periods ended September 30, 2011 and 2010 are set out below and should be read in conjunction with Madalena's unaudited financial statements and related MD&A.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2011	2010	2011	2010
	$	$	$	$
Financial Information				
Revenue	619,178	-	1,989,163	-
Funds used in operations[1]	(624,176)	(530,530)	(2,228,859)	(1,966,382)
Funds used in operations per share[1]	-	-	(0.01)	(0.01)
Cash flow used in operating activities	(478,183)	(487,218)	(2,107,111)	(2,024,232)
Cash flow used in operating activities per share	-	-	(0.01)	(0.01)
Cash flow from discontinued operations	-	408	-	3,534,519
Cash flow from discontinued operations per share	-	-	-	0.02
Net loss from continuing operations	(315,915)	(636,106)	(14,551,023)	(2,270,553)
Net loss from continuing operations per share	-	-	(0.06)	(0.01)
Net loss for the period	(315,915)	(624,144)	(14,551,023)	(2,166,303)
Net loss for the period per share	-	-	(0.06)	(0.01)
Total assets	45,426,540	22,496,662	45,426,540	22,496,662
Working capital	19,730,619	10,994,925	19,730,619	10,994,925
Capital expenditures	3,011,513	275,872	15,951,447	577,142
Debt	-	-	-	-
Production				
Oil production (barrels per day)	103	-	116	-

1) Funds used in operations and funds used in operations per common share are Non-GAAP measurements – see the discussion under Non-GAAP Measurements contained in the Company's MD&A.

RESULTS OF OPERATIONS

Oil and gas revenue in the three months ended September 30, 2011 was $619,178 compared to $nil in the third quarter of 2010. Oil and gas revenue increased to $1,989,163 for the nine months ended September 30, 2011 compared to $nil for the corresponding period in 2010. The increase in oil and gas revenue in 2011 is due to the classification in the fourth quarter of 2010 of the Coiron Amargo Block as a development and production asset. The Company's share of oil production from the Coiron Amargo Block in the three and nine month periods ended September 30, 2011 was 9,462 barrels (103 barrels per day) and 31,741 barrels (116 barrels per day), respectively. The Company's share of oil sales in the three and nine months ended September 30, 2011 was 9,592 barrels and 34,094 barrels, respectively. Oil production from the block is stored and periodically sold once a sufficient quantity is reached.

The Company realized a net loss of $315,915 for the three months ended September 30, 2011 compared to $624,144 in the third quarter of 2010. Net loss increased to $14,551,023 for the nine months ended September 30, 2011 compared to $2,166,303 for the corresponding period in 2010. Net loss increased primarily due to an impairment loss of $11,006,637 on exploration and evaluation assets in the second quarter of 2011, higher general and administrative expenses and share-based payments expense partially offset by oil revenue in 2011 from the Coiron Amargo Block and higher interest income.

At September 30, 2011 Madalena had working capital of $19,730,619 compared to $37,005,522 at December 31, 2010. Working capital decreased as a result of drilling the Curamhuele X-1001 and Yapai X-1001 exploration wells in the period and general and administrative costs partially offset by oil revenue in 2011 from the Coiron Amargo Block and higher interest income on cash balances.

The Company had negative funds from operations in the three and nine month periods ended September 30, 2011 totaling $624,176 (2010 – $530,530) and $2,228,859 (2010 – $1,966,382), respectively. Funds used in operations increased as a result of higher general and administrative expenses partially offset by oil revenue from the Coiron Amargo Block and higher interest income on cash balances.

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".

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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.