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**TSXV Trading Symbol: MVN**

**MADALENA OPERATIONS UPDATE**

Madalena Ventures Inc. and its wholly owned subsidiary Madalena Austral SA ("Madalena" or the "Company"), is pleased to provide an update on its operations in Argentina.

On the Coiron Amargo Block, initial flow testing results of the Sierras Blancas formation on the CAN-5 development well situated in the northern portion of the Coiron Amargo Block have averaged 370 boepd (including 320 bopd), predominantly on a 5/16<sup>th</sup> inch choke over a 3.2 day period. The well will be tied into the gas flowline network completed in April 2012 and oil production trucked to a nearby sales point. The completion rig will now move to test the recently completed CAN-7 development well located within the CAN X-3 Sierras Blancas structure. The CAN-7 well was drilled in June 2012 to a total depth ("TD") of 10,390 feet and has been cased to TD. The well encountered the hydrocarbon bearing Vaca Muerta unconventional shale formation as well as the conventional Sierras Blancas formation. Open hole logs could not be obtained during drilling due to continuous high pressure inflows into the well bore whilst drilling through the Vaca Muerta formation.

The drilling rig is expected to return to the block in two months in order to continue drilling operations. The joint venture is also continuing its analysis of the full diameter core from the CAS X-4 drilling location and its evaluation of several candidate wells for fracture stimulation in the Vaca Muerta shale formation.

On the Curamhuele Block, the service rig has been mobilized in order to prepare the Cur X-1 well for a three stage fracture stimulation of the Lower Agrio shale formation. Several hundred barrels of light gravity crude have been flowed from the Lower Agrio formation in recent days in order to de-pressurize the well in order to perform the pre-fracture treatment well intervention. The hydraulic fracture treatment is anticipated to commence in July 2012.

On the Cortadera Block, Apache continues to await specialized equipment required in order to test the initial frac stage in the CorS X-1 vertical exploration well. Further work to assess additional uphole formations (Quintuco, Mulichinco, and Agrio zones) is expected to be carried out following the Vaca Muerta test.

**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](http://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 necessarily indicative of long-term performance or of ultimate recovery. 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. In addition, the Vaca Muerta shale is an unconventional resource play which may be subject to high initial decline rates.

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. 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 on a 6:1 basis may be misleading as an indication of value.

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.