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MADALENA ANNOUNCES FINANCIAL AND OPERATING RESULTS FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2012

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 six month period ended June 30, 2012 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 six months ended June 30, 2012 include:

- Extension of the Company's large acreage position in the Neuquen Basin and conversion of the northern 108 km^2 of the 404 km^2 Coiron Amargo Block to a 25 year exploitation concession;
- Successful drilling and completion of 2 development wells and 2 exploration wells on the Coiron Amargo Block;
- Positive well test results at the end of Q2 / early Q3 from CAN 5 and CAN 7 development wells, respectively;
- Commenced testing the Vaca Muerta formation at the CorS X-1 deep gas exploration well on the Cortadera Block;
- Continued preparations for regions first fracture stimulation of the Lower Agrio shale; and
- Strengthened working capital position with completion of $67.5 million equity offering.

OVERVIEW

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.

Coiron Amargo Block (35% working interest)

In March 2012 an application by the Coiron Amargo joint venture to convert the northern 108 km^2 of the 404 km^2 block to a 25 year exploitation concession (Coiron Amargo Norte) was approved by the Province of Neuquén. In addition, the exploration period for the remainder of the block (Coiron Amargo Sur) was extended to November 8, 2013.

On Coiron Amargo Norte, in May 2012 the Company completed drilling the CAN 5 development well located within the CAN X-1 Sierras Blancas structure discovered in the second half of 2010. In June 2012, initial flow testing results of the Sierras Blancas formation averaged 370 boepd (including 320 bopd), predominantly on a 5/16th inch choke over a 3.2 day period.

In June 2012 the Company completed drilling the CAN 7 development well located within the CAN X-3 Sierras Blancas structure. The well was drilled to a total depth (“TD”) of 10,390 feet and 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. Initial production testing of the CAN-7 development well following a fracture stimulation treatment of the Sierra Blancas formation resulted in an average flow rate of 1,340 boepd (including 940 bopd) over 2.2 days with a 20% water cut. The well was tested on a 1/2 and 5/16 inch choke with a final wellhead flowing pressure of 1,100 psi and 1,230 psi, respectively. Prior to the fracture treatment the well tested an average of 370 boepd (including 207 bopd) over a 2.2 day period on a 5/16 inch choke. Following the success of these wells and related fracture treatments, several additional development drilling locations have been identified in the northern Sierras Blancas structures.

The Company’s share of production in July 2012 from Coiron Amargo Norte and Sur was 291 boepd (238 bopd). Since the completion of the CAN 5 and CAN 7 development wells, wells in Coiron Amargo Norte have been subject to periodic shut-ins due to storage limitations at the wellhead and Centenario oil storage terminal. When on production, a portion of associated gas is now flowing to the Loma Jarillosa Este gas processing facility located on an adjacent block and a portion of related water production is being injected into a water disposal well completed earlier in the period. If the storage and gas processing restrictions were eliminated and all wells in Coiron Amargo Norte and Sur placed on production, the Company’s estimated share of total production would be 460 boepd (including 398 bopd). Effective August 1, 2012, Coiron Amargo Norte gas production is being sold at a price of US $4.35/mmbtu.

On Coiron Amargo Sur, in February 2012 the Company drilled and cased the CAS X-4 well approximately nine kilometers south east of the CAS X-1 discovery well drilled in 2011 and in March 2012 drilled and cased to TD the CAS X-2 vertical exploration well in the center of the block. At CAS X-4 a full diameter core was taken through most of the Vaca Muerta shale formation interval which will be used to optimize future wells in the Vaca Muerta formation. Flow testing of the CAS X-1 well from the non-conventional Vaca Muerta formation continues and it is anticipated that pumping equipment will be installed during the third quarter.

A drilling rig is expected to return to the block in September 2012 to drill one additional development well on Coiron Amargo Norte and one exploration well on Coiron Amargo Sur. The exploration well is located approximately 10km west of the CAS X-2 well near a previous well drilled on the block that during drilling indicated extensive natural fracturing in the Vaca Muerta formation.

The extension of Coiron Amargo Sur to November 8, 2013 required additional work commitments of US$ 33.5 million (Madalena share – US$ 11.7 million). The exploration block qualifies for an additional one year extension period at the end of the exploration period in the fourth quarter of 2013.

Cortadera Block (40% working interest)

In March 2012 Apache completed a two stage hydraulic fracture stimulation of the Vaca Muerta formation in the CorS X-1 vertical exploration and testing of the Vaca Muerta formation continues. Apache continues to await specialized equipment required in this high pressure environment in order to add the initial frac stage to the testing. Further work to assess additional uphole formations (Quintuco, Mulichinco, and Agrio zones) is expected to be carried out following the Vaca Muerta test. Also in March 2012, a resolution was passed approving Apache’s application to qualify the Cortadera exploration block for Gas Plus pricing. The Gas Plus program was launched at the end of 2008 to stimulate investments in and production of natural gas and oil through providing incentives for new production of natural gas or oil.

The Company has agreed a work program with provincial authorities to extend the initial exploration period of the Cortadera Block beyond the initial expiry date of October 26, 2011 and despite delays in formalizing this extension, the Company believes that formal approval of the extension remains forthcoming.

Curamhuele Block (90% working interest)

At the Cur X-1 well the Company mobilized a service rig in the period for its planned three stage fracture stimulation of the Lower Agrio shale formation. Over 340 barrels of light gravity crude was flowed from the Lower Agrio formation in order to de-pressurize the well in order to perform the pre-fracture treatment well intervention. At this time operations on the CurX-1 well have been temporarily suspended in order to reduce stand-by costs after attempts to remove certain down-hole equipment in order to install casing for the fracture stimulation were unsuccessful. Various options have been reviewed to remove the down-hole equipment and plans are to re-enter the well once all necessary tools are available. Once completed, the frac would be the first hydraulic fracture stimulation of the Lower Agrio shale in the Neuquén Basin.

In March 2012 the exploration period for the block was extended to November 8, 2013. The extension of the block required additional work commitments of US$ 17.6 million (Madalena share – US$ 17.6 million). The exploration block qualifies for an additional one year extension period at the end of the exploration period in the fourth quarter of 2013.

Corporate

In March 2012, the Company issued 54,000,000 common shares at an issue price of $1.25 per share for gross proceeds to Madalena of $67,500,000. In June 2012, the Company's rolling stock option plan and shareholder rights plan ("Rights Plan") was approved by shareholders at the Company's Annual and Special Meeting. The Rights Plan is similar to other rights plans adopted by many Canadian corporations. The Rights Plan is not triggered if an offer to acquire Company shares is made as a "permitted bid" and thereby allows sufficient time for the Board and shareholders to consider and react to the offer. The plan is available for viewing at www.SEDAR.com.

FINANCIAL AND OPERATING INFORMATION

	Three Months Ended June 30,		Six Months Ended June 30,	
	2012	**2011**	**2012**	**2011**
			$	**$**
Financial Information(1)				
Oil and gas revenue	374,734	807,497	771,507	1,369,985
Funds used in operations(2)	(1,102,882)	(685,467)	(1,852,984)	(1,606,184)
Funds used in operations per share(2)	-	-	(0.01)	(0.01)
Cash flow from (used in) operating activities	(2,610,258)	(1,029,889)	(2,137,349)	(1,628,928)
Cash flow from (used in) operating activities per share	(0.01)	-	(0.01)	(0.01)
Net loss	(1,847,984)	(12,490,603)	(3,015,349)	(14,235,108)
Net loss per share	(0.01)	(0.05)	(0.01)	(0.05)
Total assets	105,047,273	45,272,876	105,047,273	45,272,876
Working capital	63,260,017	23,385,285	63,260,017	23,385,285
Capital expenditures	6,217,529	8,380,325	12,909,193	12,939,934
Debt	-	-	-	-
Production				
Oil production (barrels per day)	66	105	64	123

1) All amounts per common share are basic and diluted amounts per share
2) 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 for the three months ended June 30, 2012 was $374,734 compared to $807,497 for the corresponding period in 2011. Oil and gas revenue decreased to $771,507 in the first half of 2012 compared to $1,369,985 in the first half of 2011. The Company's share of oil production from Coiron Amargo Norte in the three and six month periods ended June 30, 2012 was 6,030 barrels (66 barrels per day) and 11,617 barrels (64 barrels per day), respectively. The Company's share of oil production from Coiron Amargo Norte in the three and six month periods ended June 30, 2011 was 9,568 barrels (105 barrels per day) and 22,278 barrels (123 barrels per day), respectively. Net production declined from the corresponding period in 2011 due to a reduction in the Company's working interest in the block from 52.5% to 35% and wells waiting on pumping equipment. The Company's share of oil revenue, operating costs and royalty expenses related to production from Coiron Amargo Sur is capitalized for accounting purposes and therefore excluded from production and revenue information.

The Company realized a net loss of $1,847,984 for the three months ended June 30, 2012 compared to $12,490,603 for the corresponding period in 2011. Net loss decreased to $3,015,349 in the first half of 2012 compared to $14,235,108 in the first half of 2011. Net loss decreased primarily due to an impairment loss recorded in the second quarter of 2011 with respect to drilling the Curamhuele X-1001 exploration well. Total comprehensive loss decreased to $2,353,821 for the three months ended June 30, 2012 compared to a loss of $13,541,655 for the corresponding period in 2011. Total comprehensive loss in the first half of 2012 totaled $2,151,620 compared to a loss of $16,138,822 in the first half of 2011. Total comprehensive income loss decreased due to the decrease in net loss above as well as income on translation of foreign operations. Exchange differences on translation of foreign operations resulted in a loss of $505,837 for the three months ended June 30, 2012 compared to a loss of $1,051,052 for the corresponding period in 2011 as a result of a slight decrease in the second quarter of 2012 in the value of the Argentina peso relative to the Canadian dollar.

At June 30, 2012 Madalena had working capital of $63,260,017 compared to $14,442,910 at December 31, 2011. Working capital increased as the Company issued 54,000,000 common shares at an issue price of $1.25 per share for gross proceeds to Madalena of $67,500,000.

The Company had negative funds from operations in the three and six month periods ended June 30, 2012 totaling $1,102,882 (2011 - $685,467) and $1,852,984 (2011 – $1,606,184), respectively. Funds used in operations increased as a result of lower oil revenue and higher operating costs per boe.

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. 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 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.