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MADALENA VENTURES INC.
200, 441 – 5th Avenue S.W.
Calgary, Alberta T2P 2V1
Telephone: (403) 233-8010
Facsimile (403) 233-8013
TSXV Trading Symbol: MVN

ONLINE ENERGY INC.
200, 707 – 7th Avenue S.W.
Calgary, Alberta T2P 3H6
Telephone: (403) 262-1901
Facsimile (403) 262-1905
TSXV Trading Symbol: ONL

**Madalena Ventures Inc. Strategically Enters the North American Oil & Gas Sector
with the Acquisition of Online Energy Inc.**

Madalena Ventures Inc. ("**Madalena**") (TSX-V: MVN), an international upstream oil and gas company and Online Energy Inc. ("**Online**") (TSX-V: ONL), a domestic oil and gas company with operations in Alberta, are pleased to jointly announce that they have entered into a pre-acquisition agreement (the "**Pre-Acquisition Agreement**") pursuant to which Madalena will, subject to certain conditions, make an offer to acquire all of the issued and outstanding common shares of Online ("**Online Shares**") by way of a take-over bid (the "**Offer**"). Under the terms of the Pre-Acquisition Agreement, Madalena will pay \$0.35 cash per Online Share for a total purchase price of \$20.3 million, which includes the assumption of Online's debt in the amount of approximately \$4.0 million excluding transaction costs and severance. Based on the 20 day volume weighted average trading price of the Online Shares on the TSXV ending August 31, 2012, Online's shareholders will receive a 52% premium for each Online Share held. Madalena intends to fund the purchase price from its current working capital.

Online is a junior exploration and production company which currently operates exclusively in Alberta, Canada. Its assets include 145 net sections of land (net 76.4% average working interest) in the Paddle River area of central Alberta across multiple light oil and liquids-rich gas resource plays. Online's resource plays are highlighted by the Ostracod light oil (43 of the 145 net sections) and Nordegg light oil and liquids-rich gas (131 of the 145 net sections) plays, and are complemented by the Rock Creek, Notikewan, Wilrich and Duvernay oil and liquids-rich gas plays. Online has current production of approximately 400 boe/d (37% oil and liquids, 63% natural gas) and anticipates the recently completed Paddle River 1-5-56-7W5M Ostracod horizontal oil well will commence production on or around September 15, 2012 at an initial rate of approximately 400 boe/d (80% oil and liquids).

This strategic acquisition positions Madalena to enter the North American oil and gas sector and obtain a source of cash flow from production along with access to a large inventory of horizontal drilling locations. The acquisition also allows Madalena the ability to re-deploy capital, where required, as international and domestic economic conditions evolve in its core operating areas.

Transaction Overview

The transaction is expected to be highly accretive to Madalena on a per share basis to cash flow, reserves and production and has the following characteristics and metrics:

Total Purchase Price⁽¹⁾	\$20.3 million
Estimated Online Daily Production (Q4 2012 Average⁽²⁾)	675 boe/d (53% oil and liquids)
Estimated Online Daily Production (Current⁽³⁾)	800 boe/d (58% oil and liquids)
Reserves⁽⁴⁾	
Total Proved	1,082 MBOE
Total Proved Plus Probable	1,436 MBOE

Land	145 net sections (92,800 net acres)
Ascribed Land Value⁽⁵⁾	\$7.6 million

Acquisition Metrics

Q4/12E \$/average daily boe ⁽²⁾⁽⁶⁾	\$18,815
Current \$/average daily boe ⁽³⁾⁽⁶⁾	\$15,875
\$/boe Total Proved ⁽⁴⁾⁽⁷⁾	\$18.76
\$/boe Proved Plus Probable ⁽⁴⁾⁽⁷⁾	\$14.14

Notes:

1. Assuming a cash price per Online Share of \$0.35, the assumption of Online's debt in the amount of \$4.0 million (and excluding transaction costs and severance) and that 46,558,859 Online Shares are acquired under the Offer after the exercise of the in-the-money stock options of Online.
2. Average daily production of Online estimated as of Q4/12 and based on 400 boe/d initial production from the Paddle River 1-5 Ostracod horizontal well.
3. Current estimated average daily production of Online including 400 boe/d initial production from the Paddle River 1-5 Ostracod horizontal well.
4. Reserves evaluated by McDaniel & Associates Consultants Ltd. ("McDaniel") in the report of McDaniel dated February 2, 2012 and effective as at December 31, 2011 (the "McDaniel Report"). Reserves are "gross reserves", being Online's working interest share of reserves before the deduction of royalties owned by others and without including royalty interests of Online.
5. Assumes \$100/acre of undeveloped land and 75,855 net acres undeveloped.
6. Metrics per flowing barrel equivalent exclude the ascribed land value of \$7.6 million from the total transaction value of \$20.3 million
7. Excluding the future development capital estimated by McDaniel of \$0.31 million for the proved reserves and \$0.59 million for the proved plus probable reserves.

The Paddle River 1-5 well was Online's second Ostracod horizontal well. In July 2012 the well tested at an average rate of 438 boe/d (73% oil) over a three-day period following a fourteen stage frac completion and further supports the potential of its emerging oil resource play at Paddle River. This well is currently awaiting tie-in and is expected to be on production by September 15, 2012. While there currently is not an established decline curve for the Ostracod horizontal oil project due to the lack of data, Online has budgeted that the 1-5 well is expected to decline approximately 50% from its initial rate by December 31, 2012. No reserves have been attributed to this second Ostracod well in the McDaniel Report, however, management of Madalena expects reserve additions for this well to be reflected in Madalena's year-end reserve report assuming the well performs as anticipated following tie-in. Further, the McDaniel Report attributed little value to Online's developing horizontal resource plays which management of Online and Madalena believe could potentially support up to 50 Ostracod drilling locations.

Madalena Strategic Rationale

The acquisition of Online is expected to have the following benefits for Madalena:

- Provides entry into the domestic E&P space with the opportunity to ramp production and cash flow while continuing to develop and grow its international assets & business plan
- High working interest ownership and operatorship of a sizeable domestic land base with a large inventory of potential oil and liquids-rich natural gas locations
- Increases critical mass for continuing operations and the opportunity to transfer North America technology and engineering techniques to other international resource plays
- Continues to build on the recent Ostracod oil success of Online and allows Madalena to further direct capital into two significant and emerging oil resource plays in both the Ostracod & Nordegg Oil
- Increases total proved reserves of Madalena by 124% from 874 MBOE to 1,955 MBOE⁽¹⁾
- Increases total proved plus probable reserves of Madalena by 92% from 1,565 MBOE to 3,001 MBOE⁽¹⁾

Notes:

1. Based on the addition of Online's proved and proved plus probable reserves effective as of December 31, 2011 as set forth in the McDaniel Report to Madalena's proved and proved plus probable reserves evaluated by InSite Petroleum Consultants effective as of December 31, 2011. Reserves are "gross reserves", being each company's working interest share of reserves before the deduction of royalties owned by others and without including royalty interests of each company.

Pre-Acquisition Agreement

Under the terms of the Pre-Acquisition Agreement, the Offer is subject to a number of conditions including the tendering of at least 66^{2/3}% of the outstanding Online Shares to the Offer, the receipt of all necessary regulatory and stock exchange approvals and other customary closing conditions. Online has agreed that it will not solicit or initiate any discussion with any third party concerning the sale of a material portion of the assets of Online or any business combination involving Online and has granted Madalena the right to match any subsequent proposal. Additionally, a non-completion fee in the amount of \$1 million is payable by Madalena or Online in certain cases involving the termination of the Pre-Acquisition Agreement.

Madalena anticipates mailing the Offer to all registered Online shareholders on or before September 26, 2012 and the Offer will expire 35 days thereafter unless otherwise extended by Madalena in accordance with the terms of the Pre-Acquisition Agreement.

Addition to Madalena Management Team

Mr. Dwayne Warkentin, alongside Madalena's current management team & board of directors, will continue to lead the overall entity focused on continued growth both internationally and domestically. Online's current President and CEO, Steve Dabner - P. Geol, has agreed to employment with Madalena in the position of Vice-President, Exploration following the completion of the Offer. Mr. Dabner has over 27 years experience in the oil and gas industry and in that capacity will play a significant role in heading up Madalena's domestic operations and will provide Madalena with the necessary leadership and expertise needed to grow the emerging resource plays at Paddle River.

Fairness Opinions, Recommendations and Lock-up Agreements

The board of directors of Madalena has approved the Pre-Acquisition Agreement and the Offer. Casimir Capital Ltd. is acting as the sole financial advisor to Madalena, and has provided the board of directors of Madalena with its opinion, pending review of the finalized form of documents effecting the Transaction, that the consideration to be paid by Madalena pursuant to the Offer is fair, from a financial point of view, to Madalena shareholders.

Online's board of directors has also approved the Pre-Acquisition Agreement and the Offer and has retained Emerging Equities Inc. to be its sole financial advisor with respect to the Offer. Emerging Equities Inc. has provided the board of directors of Online with its opinion that the consideration to be received by the Online shareholders pursuant to the Offer is fair, from a financial point of view, to the Online shareholders.

Holders of Online Shares (including all directors and officers of Online), holding an aggregate of approximately 10.2% of the outstanding Online Shares have entered into lock-up agreements with Madalena pursuant to which they have agreed to tender their Online Shares to the Offer.

Madalena International Update

Madalena, which holds three large blocks / concessions within the prolific Neuquen basin in Argentina, continues to move forward on both its conventional opportunities, alongside its continued prove-up of its large-in-place oil & gas resources within both the unconventional Vaca Muerta shale and emerging Agrio shale plays. Madalena holds 135,000 net acres held across the Coiron Amargo (35,027 net acres), Curamhuele (50,400 net acres) and Cortadera (49,600 net

acres) blocks. A drilling rig is expected to return to the Coiron Amargo Block later this month 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.

For further information please contact:

Dwayne H. Warkentin
President and Chief Executive Officer
Madalena Ventures Inc.
Phone: (403) 233-8010 ext 229

Anthony J. Potter
Vice President, Finance and Chief Financial Officer
Madalena Ventures Inc.
Phone: (403) 233-8010 ext 233

Steve Dabner
President and Chief Executive Officer
Online Energy Inc.
Phone: (403) 262-1901 ext 228

Thomas Love
Chief Financial Officer
Online Energy Inc.
Phone: (403) 262-1901 ext 227

Reader Advisories

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. In particular, this news release contains forward-looking statements pertaining to: (i) estimated Q4 2012 production for Online; (ii) the anticipated tie-in date of the Paddle River 1-5 well and the anticipated performance therefrom (including anticipated initial production and decline rate) and the potential reserve additions therefrom; (iii) the mailing of a takeover bid circular by Madalena; and (iv) operational activities to be conducted in Argentina by Madalena. These statements involve substantial known and unknown risks and uncertainties, certain of which are beyond the control of Madalena and Online, 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 Madalena and Online 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 forward-looking statements in this news release are expressly qualified in their entirety by this cautionary statement. Except as required by law, Madalena and Online undertake 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 annual information form of each of Madalena and Online, which are 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 Madalena. 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.

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