



200, 707 – 7 Avenue SW  
 Calgary, Alberta T2P 3H6  
 Telephone: (403) 262-1901  
 Facsimile (403) 262-1905  
 TSXV Trading Symbol: MVN

### MADALENA ANNOUNCES SECOND QUARTER 2013 FINANCIAL RESULTS AND OPERATIONS UPDATE

Madalena Energy Inc. (TSXV: MVN) (the "Company" or "Madalena") is pleased to announce the filing on SEDAR of the unaudited interim consolidated financial statements and related Management's Discussion and Analysis ("MD&A") for the three and six months ended June 30, 2013. Selected financial and operational information is outlined below and should be read in conjunction with Madalena's unaudited interim consolidated financial statements and related MD&A which are available for review under the Company's profile at [www.sedar.com](http://www.sedar.com) and on the Company's website at [www.madalena-ventures.com](http://www.madalena-ventures.com).

#### Summary Financial and Operational Highlights

\$CDN	Three months ended June 30		Six months ended June 30	
	2013	2012	2013	2012
<b>Financial</b>				
Oil and gas revenue	3,877,254	374,734	7,486,997	771,507
Net loss	(320,306)	(1,847,894)	(2,640,034)	(3,015,349)
Per share – basic and diluted	(0.00)	(0.01)	(0.01)	(0.01)
Capital expenditures	6,053,500	6,217,529	23,028,382	12,909,193
Working capital	7,780,138	63,260,017	7,780,138	63,260,017
<b>Equity outstanding</b>				
Common shares	316,840,885	314,307,185	316,840,885	314,307,185
Stock options	15,371,665	16,323,699	15,371,665	16,323,699
<b>Operating</b>				
<i>Average Daily Production</i>				
Crude oil and condensate – Bbls/d	297	66	307	64
Natural gas – Mcf/d	3,491	-	3,086	-
NGLs – Bbls/d	140	-	125	-
Total - boe /d <sup>(1)</sup>	1,020	66	946	64
<i>Average Sales Prices</i>				
Crude oil and condensate - \$/Bbl	78.77	76.64	78.70	76.92
Natural gas - \$/Mcf	3.57	-	3.45	-
NGLs - \$/Bbl	47.91	-	52.66	-
Total - \$/boe <sup>(1)</sup>	41.80	76.64	43.72	76.92
<i>Operating Netbacks</i>				
\$/boe <sup>(1)</sup>	13.72	9.57	14.48	4.34

(1) Refer to - "Oil, Natural Gas Liquids and Natural Gas Conversions to boe" in Advisory.

## **SECOND QUARTER 2013 HIGHLIGHTS**

- As at June 30, 2013, the Company continues to maintain a strong balance sheet with a positive working capital of \$7.7 million, an unutilized credit facility of \$13 million and increasing production levels.
- Post Q2, Madalena supplemented its existing working capital with a \$7.25 million equity financing that closed in early July 2013.

### **International Operations in Second Quarter 2013 - Neuquen Basin, Argentina**

- In June 2013, the exploration period for Madalena's 90% working interest Curamhuele block was extended by way of an official decree signed by the Province of Neuquén. This one year extension allows Madalena until November 8, 2014 to satisfy the remaining work commitments of approximately US \$13.8 million plus VAT on the block providing the Company enhanced financial flexibility.
- The Company has also retained RBC Capital Markets as its exclusive financial advisor in connection with the Company's three blocks located within the Neuquén Basin of Argentina and is currently conducting a joint venture process focused on identifying a potential joint venture partner(s) to accelerate exploration and development activities on the Curamhuele block.
- Shot two 3D seismic programs at Coiron Amargo Sur (south portion of the block). The Coiron Amargo block (both north and south regions) now have extensive 3D seismic coverage.
- Work continued on construction of three surface facility components at Coiron Amargo Norte which are anticipated to reduce future operating costs, conserve all produced solution gas and provide the facility operating capacity to bring on additional volumes from planned drilling targeting light oil in both the Vaca Muerta shale and Sierras Blancas formations in 2013 and beyond.
- On the Cortadera Block in the Province of Neuquén, the joint venture submitted a new proposal during the first quarter of 2013 to formalize a multi-year agreement for the extension of the initial exploration period and inclusion of subsequent exploration periods. Throughout the second quarter, the joint venture has continued to progress discussions related to a multi-year agreement and has recently agreed upon a work plan for the block.

### **Domestic Operations in Second Quarter 2013 – Greater Paddle River Area, Alberta, Canada**

- At Paddle River, two 100% working interest Ostracod horizontal oil wells were equipped with the solution gas tied-in to existing Madalena facilities. These wells produced at restricted rates during the second quarter pending completion of a pipeline twinning project and third party compression upgrades that are currently in the final stages of completion to accommodate increased volumes from these wells and future horizontal development wells in the area.

## **2013 OPERATIONS UPDATE AND OUTLOOK – INTERNATIONAL AND DOMESTIC**

- Operational activity on the Coiron Amargo block in the Neuquen basin, Argentina for the remainder of 2013 involves the drilling of two additional gross wells (CAS.x-14 and CAS.x-15), the drilling of one re-entry horizontal lateral (CAN.xr-2h) into the conventional Sierras Blancas light oil reservoir, and one or two workovers. Except for the Company's first horizontal in the Sierras Blancas, drilling, completions and workover activities will focus predominantly on unconventional shale delineation in the Vaca Muerta.
- The CAS.x.14 vertical well in the southern portion of the Coiron Amargo block has recently finished drilling and has now been cased with approximately 105 meters of Vaca Muerta shale on logs. Completion activities on this well are expected to commence as part of a program of numerous Vaca Muerta zone completions after the CAS.x-15 well is drilled in the fourth quarter of 2013.
- On the *Cortadera* block the Company plans to re-enter the CorS.X-1 well to conduct re-entry work to evaluate an uphole zone of interest in the wellbore. Re-entry operations at CorS.X-1 are planned to commence in the fourth quarter.
- In Canada, in support of the Company's plan to recommence drilling operations in the greater Paddle River area subsequent to spring break-up, Madalena conducted upfront survey, permitting and in some cases road and lease preparation work associated with additional horizontal development locations on the Company's multiple resource plays.

- The Company continues to develop its Ostracod oil project with one additional 100% working interest Ostracod horizontal well currently being drilled from an existing pad site that will benefit from its close proximity to the newly built pipeline and third party compression upgrades in the area.
- At Wildwood, the Company plans to re-commence its evaluation operations of its Nordegg horizontal well as soon as road and lease conditions permit.

### **About Madalena – Domestic and International Assets**

Madalena is an independent, Canadian-based, international and domestic upstream oil and gas company whose main business activities include exploration, development and production of crude oil, natural gas liquids and natural gas.

Internationally, Madalena holds three large blocks within the prolific Neuquén basin in Argentina where it is focused on the delineation of vast shale and unconventional resources in the Vaca Muerta, Lower Agrio and Los Molles shales, in addition to tight sand plays in the Mulichinco and Quintuco. The Company is also developing a conventional oil play in the Sierras Blancas formation. Madalena holds 135,000 net acres on the Coiron Amargo, Curamhuele and Cortadera blocks.

Domestically, Madalena's core area of operations is located in the Greater Paddle River area of west-central Alberta where the Company holds approximately 200 gross (>150 net) sections of land (78% average W.I.) encompassing light oil and liquids-rich gas resource plays. Madalena's domestic focus is to exploit its large inventory of horizontal development locations on its Ostracod oil, Notikewin/Wilrich liquids-rich gas, and emerging Nordegg oil & liquids-rich gas resource plays. Madalena also holds more than 100 net sections (100% W.I.) which are prospective for the Duvernay shale.

Madalena trades on the TSX Venture Exchange under the symbol MVN. Basic corporate information, recent news releases and regularly updated corporate presentations are available on the Company's website at [www.madalenaenergy.com](http://www.madalenaenergy.com).

### **For further information please contact:**

#### **Kevin Shaw, P.Eng, MBA**

President and Chief Executive Officer  
Madalena Ventures Inc.  
Phone: (403) 262-1901 (Ext. 230)  
[kdshaw@madalena-ventures.com](mailto:kdshaw@madalena-ventures.com)

#### **Thomas Love, CA**

VP, Finance and Chief Financial Officer  
Madalena Ventures Inc.  
Phone: (403) 262-1901 (Ext. 227)  
[tlove@madalena-ventures.com](mailto:tlove@madalena-ventures.com)

### **Reader Advisories**

#### *Forward Looking Information*

The information in this news release contains certain forward-looking statements. These statements relate to future events or our future performance, in particular with respect to the Company's reserves and production from its properties. 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 operational activities to be conducted by the Company. 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 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 forward-looking statements in this news release 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).

#### *Reserves and Other Oil and Gas Disclosure*

Any references in this news release to test rates, flow rates, initial and/or final raw test or production rates, early production, test volumes behind pipe 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.

**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.**