



200, 707 – 7<sup>th</sup> Avenue S.W.  
Calgary, Alberta T2P 3H6  
Telephone: (403) 262-1901  
Facsimile (403) 262-1905  
TSXV Trading Symbol: MVN

## **Madalena – Successfully Completes CAN-8, Gears-Up for International Activity in 2013 & Drives Forward with its Horizontal Development Program Domestically**

Madalena Ventures Inc. (TSXV: MVN) (the “Company” or “Madalena”) is pleased to provide the following operational updates:

### ***International Operations Update – Neuquén Basin***

On the Coiron Amargo Block (35% working interest), the CAN-8 development well located 800 meters southeast of the existing CAN-7 oil producer on the northern portion of the block (i.e. Coiron Amargo Norte) which was cased to a total depth (“TD”) of 10,433 feet in December 2012, was completed over the last few weeks following a successful remedial cement squeeze executed across the Sierras Blancas light oil zone, which is one of two oil zones encountered in the wellbore. The CAN-8 well was then perforated without any stimulation and production tested in the Sierras Blancas light oil zone for a period of three days. The well flowed at an initial flowing pressure of 750 psi and declined to 440 psi at the end of the test period. The average production rates over the three day test period were 482 bbls/day (168 bbls/day net) at an oil cut of ~96%, and 525 mcf/d (184 mcf/d net) of associated gas. Gas rates were accurately measured over only the final 12 hours of the test period.

Given the results of the test, the Company placed this wellbore on production without further stimulation or a fracture treatment to further assess the overall production performance of the well. After 12 days of continuous production CAN-8 is currently flowing at approximately 178 bbls/day gross (62 bbls/day net) at an oil cut of ~88% and 337 mcf/d gross (118 mcf/d net) of associated gas, at a relatively stable flowing pressure of ~300 psi. This location may be further stimulated in the Sierras Blancas in the future, and also has an approximate 340 foot (or 104 meter) thick section of unconventional Vaca Muerta shale.

In 2013, Madalena is planning to have steady operational activity on its International assets focused on a combination of workovers and new development and exploration drilling. Madalena expects to execute 6 to 7 gross new drills, multiple workovers and additional seismic, focused on oil in the *Vaca Muerta shale* alongside development work in the *Sierras Blancas* at Coiron Amargo (35% W.I.), and the go-forward evaluation of a thick ~577m *Quintuco* zone (sourced from a thick ~520m Vaca Muerta shale which lies directly below) on the Cortadera block (40% W.I.). Later in 2013, additional high impact zones of interest may be further evaluated across Madalena’s assets, including further work in the Vaca Muerta shale, the *Lower Agrio shale* and thick tight sands within the *Mulichinco*.

### ***Western Canada Operations Update – Greater Paddle River Core Area***

With the focus on production growth from its three key resource plays in the Greater Paddle River area, Madalena continues to make progress on its plan to drill, multi-stage frac and tie-in four to five net horizontal wells prior to spring break-up.

At Paddle River, the Company has recently completed drilling two 100% W.I. horizontal Ostracod oil wells. Multi-port liners have been run in each and fracing operations are scheduled to commence in early March with plans to multi-stage frac these two Ostracod horizontals back to back. Madalena expects both wells to be on-stream prior to spring break-up. With a focus on oil and liquids-rich horizontal development, the Company will continue to exploit its 55 net sections on this resource play on an ongoing basis through 2013.

In the Wildwood area, completion operations are now underway at Madalena's recently drilled 100% W.I. Nordegg liquids-rich (estimated at over 100 bbls/mmcft) horizontal well. It is anticipated that once fracing has been completed, the well will be tested and tied-in to Madalena's local infrastructure. Madalena has 144 net sections on the Nordegg resource play.

At Niton, the Company is finalizing construction of its pipeline and wellsite facilities to enable its recently drilled 100% W.I. Notikewin horizontal well to be placed on production over the next week. The well was completed with a multi-stage frac and was tested as disclosed in a January 17, 2013 press release.

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

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

Domestically, Madalena holds a significant acreage position in Western Canada, with a core area of operations located in the Greater Paddle River area, where the Company holds approximately 200 gross (>150 net) sections of land (78% average W.I.) across multiple light oil and liquids-rich gas resource plays. Madalena's focus domestically is to exploit its large inventory of horizontal development locations in its Ostracod oil, Notikewin/Wilrich liquids-rich gas, and Nordegg oil and liquids-rich gas resource plays. Madalena also holds more than 100 net sections (100% W.I.) which are prospective for the Duvernay shale.

Internationally, Madalena holds three large blocks within the prolific Neuquén basin in Argentina and is focused on the delineation and prove-up of its large petroleum in-place shale and unconventional resources in the Vaca Muerta and Agrio shales, alongside high impact plays in the Quintuco and Mulichinco formations. Madalena holds 135,000 net acres across the Coiron Amargo (35,027 net acres), Curamhuele (50,400 net acres) and Cortadera (49,600 net acres) blocks.

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.madalena-ventures.com](http://www.madalena-ventures.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)

### **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 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).

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.

Certain information in this document may constitute "analogous information" as defined in National Instrument 51-101 – Standards of Disclosure for Oil and Gas Activities ("NI 51-101"), including, but not limited to, information relating to the areas in geographical proximity to prospective lands held by Madalena and production information related to wells that are believed to be on trend with the Company's properties. Such information has been obtained from government sources, regulatory agencies or other industry participants. Management of Madalena believes the information is relevant as it helps to define the reservoir characteristics in which Madalena may hold an interest. Madalena is unable to confirm that the analogous information was prepared by a qualified reserves evaluator or auditor. Such information is not an estimate of the reserves or resources attributable to lands held or to be held by Madalena and there is no certainty that the reservoir data and economics information for the lands held or to be held by Madalena will be similar to the information presented herein. The reader is cautioned that the data relied upon by Madalena may be in error and/or may not be analogous to such lands to be held by Madalena.

**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.**