



200, 707 – 7th Avenue S.W.
Calgary, Alberta T2P 3H6
Telephone: (403) 262-1901
Facsimile (403) 262-1905

Madalena Provides an Operational Update on its International Assets within the Neuquén Basin

Madalena Ventures Inc. ("**Madalena**" or the "**Company**") (TSX-V: MVN), an international and Canadian ("domestic") focused upstream oil and gas company is pleased to provide the following operational update on its international assets.

International Operations Update – Neuquén Basin, Argentina

Madalena holds three blocks / concessions within the prolific Neuquén basin in Argentina and is moving forward to delineate its large in-place unconventional oil & gas resources within the *Vaca Muerta shale* and *Lower Agrio shale*, alongside tight sand plays in the *Mulichinco* and *Quintuco* formations and select conventional zones of interest. Madalena holds 135,000 net acres across the Coiron Amargo (35,027 net acres), Cortadera (49,600 net acres), and Curamhuele (50,400 net acres) blocks with an estimated **2.9 billion boe of net** (45% crude oil and natural gas liquids), best case P50 contingent and prospective recoverable resources (as estimated by a recent Ryder Scott independent evaluation of Madalena's acreage).

On July 12, 2013, in the southern portion of the **Coiron Amargo** block (Madalena 35% working interest), the CAS.x-14 well commenced drilling with the primary target being the Vaca Muerta shale. Drilling is expected to take three to four weeks with completion operations to follow. The CAS. x-14 well is the first well of a multi-well program planned for the remainder of 2013 on the Coiron Amargo block. After CAS.x-14, the next two wells to be drilled on the block include the first horizontal (CAN.xr-2h) into one of six Sierras Blancas conventional light oil pools discovered to date and a subsequent Vaca Muerta shale delineation well (CAS.x-15) in the southern portion of the block. In addition, the shooting of two 3D seismic programs have been recently completed at Coiron Amargo Sur. The Coiron Amargo block (both north and south regions) now have extensive 3D seismic coverage.

At **Cortadera** (Madalena 40% working interest), the Company has recently agreed with its partners on next steps to progress the block and plans to re-enter the CorS.X-1 deep test originally drilled and completed as a Vaca Muerta shale gas discovery in early 2012. The CorS.X-1 location was cased to a depth of 4,500 meters with four zones of interest identified by way of log interpretation and analysis. The re-entry work involves moving uphole to perforate, fracture stimulate and evaluate one or more uphole zones of interest in the Mulichinco (250 meters thick), Quintuco (577 meters thick) or Agrio formations. Re-entry operations at CorS.X-1 are planned to commence in early Q4-

In follow-up to the recent **Curamhuele** block extension as outlined in the Company's press release dated June 17, 2013, the Company is moving forward with *RBC Capital Markets* as its exclusive financial advisor to identify a potential joint venture partner to accelerate operational activities across the block and to unlock value in its unconventional shales, tight sand plays and conventional zones of interest. Madalena holds a 90% working interest in the Curamhuele block.

About Madalena – International and Domestic 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.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

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 resources of the Company and other oil and gas information. 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.

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.

In addition, the following sets out the applicable definition for each of the resource categories as set out in the COGE Handbook, which are used in this news release.

"Contingent resources"

Definition: Those quantities of petroleum estimated, as of a given date, to be potentially recoverable from known accumulations using established technology or technology under development, but which are not currently considered to be commercially recoverable due to one or more contingencies.

Contingencies may include factors such as economic, legal, environmental, political, and regulatory matters or a lack of markets. It is also appropriate to classify as contingent resources the estimated discovered recoverable quantities associated with a project in the early evaluation stage.

"Discovered petroleum initially-in-place" or "discovered resources" or "DPIIP"

Definition: That quantity of petroleum that is estimated, as of a given date, to be contained in known accumulations prior to production.

The recoverable portion of discovered petroleum initially-in-place includes production, reserves and contingent resources; the remainder is unrecoverable.

"Prospective resources"

Definition: Those quantities of petroleum estimated, as of a given date, to be potentially recoverable from undiscovered accumulations by application of future development projects.

Prospective resources have both an associated chance of discovery and a chance of development.

"Total petroleum initially-in-place", "total resources" or "TPIIP"

Definition: That quantity of petroleum that is estimated to exist originally in naturally occurring accumulations; equal to DPIIP plus UPIIP.

It includes that quantity of petroleum that is estimated, as of a given date, to be contained in known accumulations, prior to production, plus those estimated quantities in accumulations yet to be discovered.

"Undiscovered petroleum initially-in-place", "undiscovered resources" or "UPIIP"

Definition: That quantity of petroleum that is estimated, on a given date, to be contained in accumulations yet to be discovered.

The recoverable portion of undiscovered petroleum initially-in-place is referred to as prospective resources; the remainder is unrecoverable.

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.