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## **Madalena - Cases CAS X-5 for the Vaca Muerta Shale, Continues with Steady Horizontal Development, Provides Team Update and Layers in Production Hedges**

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

### ***International Operations Update – Neuquen Basin***

In Argentina, exploration and delineation activity continues on the Company’s large petroleum in-place unconventional shales and conventional tight sand plays. In the southern portion of the Coiron Amargo block (Madalena 35% W.I.), Madalena continues to define and quantify the Vaca Muerta shale potential on the block with the recent drilling of the CAS X-5 exploration well. The CAS X-5 location was drilled to a total depth of 3,400 meters (or 11,155 feet) and encountered hydrocarbon in the Vaca Muerta as expected. CAS X-5 has now been cased with approximately 100 meters of Vaca Muerta shale on logs and an average total organic content (“TOC”) over the 100 meter section of over 4%, confirming the high quality of the Vaca Muerta on the block. Based on technical information gathered to date, Coiron Amargo has some of the highest TOC content within the Neuquen basin, and based on core data on the block, the lower Vaca Muerta at CAS X-5 is expected to have approximately 7% porosity.

With recent Joint Venture partnerships being announced near the Coiron Amargo block by both Chevron and Bidas (on YPF held acreage) for an estimated U.S. \$1.0 - \$1.5 billion to earn various working interests in the Vaca Muerta shale, Madalena is focused on continuing to delineate and prove-up this significant resource at Coiron Amargo. Madalena is also actively working to move forward on its other two blocks within the Neuquen basin at Cortadera (40% W.I.) and Curamhuele (90% W.I.).

### ***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 move forward 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 is currently drilling the 100% W.I. 8-5 *Ostracod oil* horizontal well. Once drilling is completed at this location and a production liner is run, the drilling rig will move to a follow-up Ostracod oil horizontal location (Madalena 100% W.I.) to continue to exploit its 54 net sections on this resource play.

In the Wildwood area, Madalena is preparing to complete its recently drilled 100% W.I. 15-12 Nordegg liquids-rich horizontal well (estimated at over 100 bbls/mmmcf). It is anticipated that a multi-stage frac program will be undertaken on the well within the next two weeks and subsequently tested and tied-in to Madalena’s local infrastructure. The Company plans, weather permitting, to drill an additional 100% W.I. Nordegg liquids-rich horizontal well prior to spring break-up. Madalena has 144 net sections on the *Nordegg oil & liquids-rich resource play*.

At Niton, the Company is also currently constructing wellsite facilities to enable its recently drilled 100% W.I. 6-27 *Notikewin* horizontal well to be placed on production by mid-February. The well was completed with a multi-stage frac and was flow tested as disclosed in a January 17, 2013 press release.

### ***Corporate Update***

Mr. Anthony Potter has resigned from his positions of Vice-President, Chief Financial Officer effective February 28, 2013 and as Director of Madalena and its subsidiaries effective immediately. The Board of Directors and Management of Madalena wish to thank Mr. Potter for his tenure.

*Mr. Thomas Love, C.A.*, the former CFO and Director of Online Energy Inc. (“Online”) has been providing consulting services since the acquisition of Online, and go-forward, will continue to be available to assist the Company during and after the transition period. Mr. Love has over 35 years of experience in the oil and gas industry, including both Western Canadian and International experience. Prior to his role at Online, he was the CFO of Trimox Energy Inc. and Moxie Exploration Ltd., and President and Chief Executive Officer of Moxie Petroleum Ltd. Earlier in Mr. Love’s career, he was involved in running the Canadian operations of a U.K. based International E&P and articulated at Ernst & Young LLP.

### ***Layering in Gas Hedges on Base Production***

As at February 4th, 2013, Madalena has the following natural gas commodity fixed price risk management contracts in place for 2013.

<b>Product</b>	<b>Term</b>	<b>Volume</b>	<b>Average Price</b>
Natural Gas	Apr. 1, 2013 to Oct. 31, 2013	300 GJ/d	\$3.00 CDN/GJ
Natural Gas	Apr. 1, 2013 to Oct. 31, 2013	300 GJ/d	\$4.47 CDN/GJ

The natural gas fixed price swap of 300 GJ/d at a price of CDN\$4.47/GJ was enhanced and received a premium price in 2013 by placing a call on 50 bbl/d at US\$100 for the calendar year 2014.

As at February 4th, 2013, the details of the above commodity price risk management arrangements are as follows:

<b>Type</b>	<b>Period</b>	<b>Volume</b>	<b>Price Floor</b>	<b>Price Ceiling</b>	<b>Index</b>
Natural gas fixed	April 1, 2013 to Oct. 31, 2013	300 GJ/d	\$3.00 CDN	\$3.00 CDN	AECO
Natural gas fixed	April 1, 2013 to Oct. 31, 2013	300 GJ/d	\$4.47 CDN	\$4.47 CDN	AECO
Crude oil call options	Jan. 1, 2014 to Dec. 31, 2014	50 bbl/d	-	\$100.00 US	WTI

### ***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 197 gross (153 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 & liquids-rich resource plays. Madalena also holds ~103 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 & 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).

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**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.

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.

*Analogous Information*

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.

*Total Organic Content ("TOC")*

Any references in this news release to TOC levels is useful in determining the presence of organic material and the likelihood of the discovery of hydrocarbons, however, the presence of such levels of TOC is not necessarily indicative of ultimate recovery, economic or otherwise, of hydrocarbons. Readers are cautioned not to place reliance on such levels in calculating the aggregate reserves or resources for Madalena.