



**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 Provides an Update on its Domestic and International Operations and Increases its Production Capability to Approximately 2,000 boe/d**

Madalena Ventures Inc. (TSXV: MVN) (the “Company” or “Madalena”) is pleased to provide operational updates across its Western Canadian (“domestic”) and International assets.

With the focus on production growth to start 2013, Madalena’s productive capability is approximately 2,000 boe/d (44% oil and natural gas liquids (“NGLs”)), representing a 900% increase from the Company’s October 2012 production level. The Company has a current base production of approximately 1,200 boe/d (43% oil & NGLs) with in excess of 1,200 boe/d of tested volumes behind pipe from recently completed Ostracod horizontal development wells.

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

#### **Horizontal Resource Play #1 – *Ostracod light oil***

At Paddle River, fracturing and testing operations have been completed at Madalena’s two recently drilled 100% working interest Ostracod horizontal oil wells. The first well reached a total depth of 2,776 metres, including a 1,056 metre horizontal trajectory. Completion operations included a 13-stage multi-frac program where a total of 6,094 barrels of water-based load fluid was pumped. The well was subsequently production tested for three days during which time the well flowed continuously and recovered a total of 4,633 barrels of load fluid (76%). During the three day test, the well flowed 37° API oil and gas at an average rate of 707 boe/d (39% oil). Flowing pressures remained relatively stable at approximately 1,400 kPa during the final 24 hours of the test. After accounting for shrinkage and NGLs recovery at the local production facility, sales production over the final 24 hours would equate to approximately 719 boe/d (46% oil & NGLs).

The second well reached a total depth of 2,880 metres, including a 1,140 metre horizontal trajectory. Completion operations included a 14-stage multi-frac program where a total of 6,320 barrels of water-based load fluid was pumped. The well was subsequently production tested for three days during which time the well flowed continuously and recovered a total of 2,430 barrels of load fluid (38%). During the three day test, the well flowed 33° API oil and gas at an average rate of 566 boe/d (24% oil). Flowing pressures remained relatively stable at approximately 5,400 kPa during the final 24 hours of the test. After accounting for shrinkage and NGLs recovery at the local production facility, sales production over the final 24 hours would equate to approximately 547 boe/d (38% oil & NGLs).

Both wells are currently shut-in and operations to equip them for production and tie-in the solution gas to existing Madalena facilities are ongoing. The Company anticipates that these two horizontal wells will be brought on production during the second quarter of 2013.

While Madalena continues to be very encouraged by the initial results from these horizontal wells, it cautions that these test results are not indicative of their long-term performance. Ongoing technical work

continues to improve the Company's understanding of its Paddle River Ostracod oil play and the ultimate potential of the assets.

Madalena controls approximately 55 net sections of land and a significant inventory of drill-ready horizontal locations on the Ostracod oil trend in the Paddle River area. The Company plans to drill additional horizontal wells on this play throughout the remainder of 2013, focusing on increasing production and reserves.

### **Horizontal Resource Play #2 – Stacked Mannville Channel Trend**

At Niton, the Company's recently drilled and completed 100% working interest Notikewin horizontal well was placed on production in Q1 2013. Since early March, the well has produced at relatively stable rates of approximately 400 boe/d (14% NGL's). Madalena has 133 net sections of land across its regional Mannville channel trends and has a significant inventory of horizontal drilling locations focussed on the liquids-rich Notikewin and Wilrich formations.

### **Horizontal Resource Play #3 – Nordegg oil & liquids-rich gas**

In the Wildwood area, Madalena is continuing its evaluation of its recently drilled and completed 100% working interest Nordegg horizontal well. With the onset of spring break-up the Company has temporarily shut-down operations on this location with plans to re-commence evaluation operations as soon as road and lease conditions improve. Madalena holds 144 net sections of Nordegg rights containing or proximal to vertical well production which produces oil, and/or high liquids-rich content gas.

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

In Argentina, Madalena has commenced its planned 2013 activity program involving a combination of workovers, 3D seismic, new development drilling, and exploration drilling focused on the Company's unconventional resources (in the *Vaca Muerta shale* and *Lower Agrio shale*), alongside conventional zones of interest.

In March, Madalena and its partners commenced the first of multiple planned workovers for 2013 at its Coiron Amargo (35% W.I.) block to optimize current field production. To begin the workover program, Madalena conducted a successful cement squeeze, perforation and fracture stimulation of its CAN X-3 well to enhance oil recoveries from the Sierras Blancas light oil formation. Prior to the workover, CAN X-3 was producing approximately 25 bbls/d of oil gross (9 bbls/d net). After completing the workover, CAN X-3 was put back on stream in late March and is currently producing approximately 115 bbls/d of oil gross (40 bbls/d net). Additional workovers will be executed in 2013 to optimize the existing field assets.

In early May, the Company anticipates commencing 3D seismic operations to acquire up to 160 square kilometers of data in the south-west and east-central areas of the Coiron Amargo block. This seismic data is being acquired directly offsetting a horizontal multi-stage frac well that was recently tested in the regional Vaca Muerta shale, resulting in a new oil discovery by the operator of the block (a major integrated E&P company).

Madalena and its partners at Coiron Amargo are currently working to contract a rig for an upcoming drilling program involving multiple Vaca Muerta shale wells in the southern part of the block and the Company's first horizontal Sierras Blancas (light oil) development well in the north. Madalena expects to mobilize a drilling rig for this program during the second quarter of 2013.

Madalena is also working to move forward activities on its other two blocks within the Neuquen basin at both Cortadera (40% W.I.) and Curamhuele (90% W.I.).

## ***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 & 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 of its large petroleum in-place shale & unconventional resources in the Vaca Muerta and Agrio shales, alongside plays in the Quintuco, Mulichinco and Sierras Blancas 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.**