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Madalena Announces its 2012 Year End Financial Results and Reserves

Madalena Ventures Inc. (TSXV: MVN) (the "Company" or "Madalena") is pleased to provide information on its operating and financial results for the three months and year ended December 31, 2012 and the Company's 2012 year end reserves.

Copies of the Company's consolidated financial statements for the year ended December 31, 2012, the related management's discussion and analysis and the Annual Information Form (the "AIF") of the Company for the year ended December 31, 2012 have been filed with Canadian securities regulatory authorities and will be made available under the Company's profile at www.sedar.com and on the Company's website at www.madalena-ventures.com.

2012 Year End Financial and Reserve Highlights

(as of December 31, 2012 – all amounts are in Canadian dollars and net to Madalena's interest unless otherwise stated.)

- Maintained a strong balance sheet with a positive working capital of approximately 30.0 million and zero debt;
- Total Company proved plus probable ("P+P") reserves of 3.894 MMboe (46% crude oil and natural gas liquids) representing a 149% increase from Madalena's 2011 year end P+P reserves;
- 62% of P+P reserves are categorized as proved reserves;
- A P+P reserve life index of 13.2 years and a proven reserve life index of 8.2 years, based on December 2012 actual production of 809 boe/d;
- Reserve net present value of P+P reserves before tax (discounted at 10%) of \$33.7 million;
- Achieved finding, development & acquisition ("FD&A") costs on its Canadian assets of \$14.78/boe of P+P reserves, or \$23.47/boe of proved reserves, both of which include the change in future development costs;
- A large inventory of horizontal locations on Madalena's western Canadian lands remain unbooked; and
- Estimates of the Company's unconventional shale resources across its three blocks in the Neuquen basin, Argentina are quantified in a separate resource report prepared by Ryder Scott Petroleum Consultants Ltd. ("Ryder Scott") in accordance with National Instrument 51-101 – *Standards for Disclosure for Oil and Gas Activities* of the Canadian Securities Administrators ("NI 51-101") (see separate press release dated April 30, 2013).

Summary of Financial and Operational Results

	Three months ended		Year ended	
	December 31		December 31	
	2012	2011	2012	2011
Financial				
Oil and gas revenue	3,011,804	609,340	5,545,294	2,598,503
Net loss	(5,075,119)	(1,585,520)	(8,865,201)	(16,136,543)
Per share – basic and diluted	(0.02)	(0.01)	(0.03)	(0.06)
<i>Capital expenditures</i>				
Business combination	16,090,000	-	16,090,000	-
Capital expenditures	6,309,521	4,082,646	22,851,417	20,034,093
Working capital	30,025,431	14,442,910	30,025,31	14,442,910
Equity outstanding				
Common shares	314,307,185	260,020,517	314,307,185	260,020,517
Stock options	22,333,699	13,977,034	22,333,699	13,977,034
Operating				
<i>Average Daily Production</i>				
Crude oil and condensate – Bbls/d	327	84	177	108
Natural gas – Mcf/d	1,377	-	369	-
NGLs – Bbls/d	78	-	20	-
Total - boe /d	634	84	258	108
<i>Average Sales Prices</i>				
Crude oil and condensate - \$/Bbl	74.75	69.26	75.23	60.58
Natural gas - \$/Mcf	3.35	-	3.41	-
NGLs - \$/Bbl	48.04	-	48.04	-
Total - \$/boe	51.66	62.96	59.86	60.58
<i>Operating Netbacks</i>				
\$/boe	13.49	12.99	18.18	17.25

Outlook

As previously reported on April 15, 2013, Madalena's current 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 horizontal development wells in its Greater Paddle River area of western Canada. The Company anticipates that these behind pipe production volumes will be brought on-stream during the second quarter of 2013.

Throughout the remainder of 2013, Madalena is planning to have ongoing operations on its international and domestic assets, focused primarily on horizontal development work in both jurisdictions, high impact unconventional shale drilling, and the acquisition of 3D seismic on key exploration acreage internationally.

Disclosure of Reserves Data

All of Madalena's international reserves were evaluated by Ryder Scott and all of Madalena's domestic reserves were evaluated by McDaniel & Associates Consultants Ltd. in separate reports dated effective December 31, 2012 (collectively, the "Reserve Reports"). The Reserve Reports were prepared in accordance with NI 51-101 and the standards contained in the Canadian Oil and Gas Evaluation Handbook (the "COGE Handbook"). The reserves data provided in this news release ("Reserves Data") summarizes the oil, liquids and natural gas reserves associated with Madalena's assets and properties and the net present values of future net revenue for these reserves using forecast prices and costs as at December 31, 2012. The Reserves Data represents only a portion of the disclosure required under NI 51-101. All of the required information is in the AIF, which has been filed with Canadian securities regulatory authorities and will be made available under the Company's profile at www.sedar.com and on the Company's website at www.madalena-ventures.com.

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'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 multiple 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 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 where it is focused on the delineation of vast petroleum in-place shale & unconventional resources in the Agrío, Mulichinco, Quintuco and Vaca Muerta shales. The Company is also developing a conventional oil play in the Sierras Blancas formation. Madalena holds 135,000 net acres on 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.

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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.

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.

Certain information in this document may constitute "analogous information" as defined in 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.

The Reserve Reports are based on certain factual data supplied by the Company and the Reserve Engineers' opinion of reasonable practice in the industry. The extent and character of ownership and all factual data pertaining to the Company's petroleum properties and contracts (except for certain information residing in the public domain) were supplied by the Company to the Reserve Engineers and accepted without any further investigation. The Reserve Engineers accepted this data as presented and neither title searches nor field inspections were conducted.

All evaluations of future revenue are stated after the deduction of future income tax expenses (unless otherwise noted in the tables), royalties, development costs, production costs and well abandonment costs but before consideration of indirect costs such as administrative, overhead and other miscellaneous expenses. The estimated future net revenue contained in the following tables does not represent the fair market value of the reserves associated with Madalena's assets and properties. There is no assurance that the forecast price and cost assumptions will be attained and variances could be material. The recovery and reserves estimates for Madalena's assets and properties described herein are estimates only and there is no guarantee that the estimated reserves will be recovered. The actual reserves for Madalena's assets and properties may be greater or less than those calculated.

In this news release, reserve life index is calculated by dividing reserves as at the effective date of the Reserve Reports, being December 31, 2012, by the December 2012 production, representing a measure of the amount of time production could be sustained at the production rates based on the reserves at the applicable point in time.

The aggregate of the exploration and development costs incurred in the most recent financial year and the change during that year in estimated future development costs generally will not reflect total finding and development costs related to reserves additions for that year. Under NI 51-101, the methodology to be used to calculate finding and development costs includes incorporating changes in future development capital required to bring the proved undeveloped and probable reserves to production. Changes in future development capital have been taken into account in these calculations. In this news release, FD&A costs have been calculated prior to eliminating the effects of acquisitions and dispositions. After eliminating the effects of acquisitions and dispositions, finding and development costs for the year ended December 31, 2012 are \$18.86/boe on P+P reserves and \$32.60/boe on proved reserves for the Company's Canadian assets; such finding and development costs were calculated in accordance with NI 51-101 using the following two methods: (1) adding exploration and development costs incurred in the most recent financial year with the change during the most recent financial year in estimated future development costs relating to proved reserves and dividing that sum by additions to proved reserves during the most recent financial year; and (2) adding exploration and development costs incurred in the most recent financial year with the change during the most recent financial year in estimated future development costs relating to proved reserves and probable reserves and dividing that sum by additions to proved reserves and probable reserves during the most recent financial year. While NI 51-101 requires disclosure of certain comparative information for the three most recent financial years when disclosing finding and development costs, due to the fact that Madalena's recent acquisition of Canadian assets occurred just prior to year-end in 2012, if such information was provided it could be misleading, as it would be comparing significantly different asset bases.

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.