

**NOT FOR DISTRIBUTION TO UNITED STATES NEWS WIRE SERVICES OR  
DISSEMINATION IN THE UNITED STATES****MADALENA VENTURES INC.  
200, 441 – 5<sup>th</sup> Avenue S.W.  
Calgary, Alberta T2P 2V1****Telephone: (403) 233-8010 / Facsimile (403) 233-8013****TSXV Trading Symbol: MVN****MADALENA VENTURES INC. ANNOUNCES FINANCIAL AND OPERATING RESULTS FOR THE THREE  
AND SIX MONTH PERIODS ENDED JUNE 30, 2011**

Madalena Ventures Inc. ("Madalena" or the "Company") (TSX Venture: MVN) today announced that it has filed its unaudited financial statements and related management's discussion and analysis ("MD&A") for the three and six month periods ended June 30, 2011 on [www.sedar.com](http://www.sedar.com) and on its website [www.madalena-ventures.com](http://www.madalena-ventures.com). All amounts are in Canadian dollars (\$) unless otherwise stated.

**HIGHLIGHTS**

Highlights in the six months ended June 30, 2011 include:

- Continued success drilling and completing the CAS X-1 and CAN X-4 wells on the Coiron Amargo Block;
- Testing of the Sierras Blancas formation in the CAS X-1 and CAN X-4 wells resulting in initial test production rates of 200 and 650 barrels of oil per day (bopd), respectively;
- Initial flow and pressure tests of the Vaca Muerta formation at CAS X-1 resulting in the well flowing approximately 40 bopd of 32 degree API crude oil without any fracture stimulation treatment;
- Drilling the Yapai X-1001 exploration well on the Curamhuele Block with 23 feet of potential gross hydrocarbon column in the shallow Lower Troncoso formation and 7 stacked Avile formation intervals ranging in thickness from 50 to 260 feet with completion work currently underway; and
- Drilling with Apache of the first deep gas exploration well on the Cortadera Block targeting multiple zones including the thick Mulichinco, Quintuco and Vaca Muerta formations. The well has now reached TD with electric log results expected within 7 days.

**OVERVIEW**Coiron Amargo Block (35% working interest)

Since acquiring the block, the Company has had a 100% drilling success rate in the conventional Sierras Blancas formation drilling five wells into separate anomalies defined on 3D seismic. In March 2011, the Company drilled and cased the CAS X-1 exploration well in the southern portion of the block and in May 2011 drilled the CAN X-4 well approximately 16 km away in the northern portion of the block. Oil and gas shows were evident in both wells during the drilling of the Sierras Blancas formation and the non-conventional Vaca Muerta formation.

In June 2011, the CAS X-1 well initially tested oil up to 200 barrels per day from the Sierras Blancas formation following fracture stimulation treatment. In July 2011, the CAN X-4 well tested from the Sierras Blancas formation over a 34 hour period at flow rates up to 650 bopd of 39 degree API light crude oil and 780 mcf/d of gas at flow pressures between 700 – 900 psi wellhead pressure. Production from the four producing Sierras Blancas wells in the northern portion of the block is currently being restricted until a central facility can be developed to include gas sales. Government approval to tie-in the wells has been received and this work is

expected to be completed in October 2011. Madalena further anticipates drilling a number of additional fault trend Sierras Blancas anomalies as well as a strong development drilling program on existing discovered anomalies.

In the non-conventional Vaca Muerta formation, the Company has now drilled a total of five vertical wells in the northern and southern portions of the block each of which appear similar on electric logs and have had indications of hydrocarbons. The total thickness of the Vaca Muerta formation has ranged from 350 to 475 feet thick. At the CAS X-1 well, flow and pressure data was collected from the lower portion of the formation in July 2011 with the well flowing at approximately 40 bopd of 32 degree API crude oil without any fracture stimulation treatment. Further testing of the well including a large hydraulic fracture stimulation program is expected to be completed in the third quarter.

Reported test results from other vertical wells on adjacent blocks have demonstrated the potential for significant production from and large scale development of non-conventional resources in the area. With a successful test of the Vaca Muerta shale, the Company would look to undertake a larger, multi-well drilling program on the block in 2011/2012 specifically for Vaca Muerta shale oil and utilize additional fracture stimulation capacity being brought into the Neuquen Basin.

#### Curamhuele Block (90% working interest)

In April 2011, the Company completed drilling the Curamhuele X-1001 exploration well (truncation play) to a total depth of 8,430 feet without encountering commercial quantities of hydrocarbons and subsequently abandoned the well.

In June 2011, the Company completed drilling the Yapai X-1001 well to a total measured depth ("MD") of 10,743 feet (10,478 true vertical depth or "TVD") penetrating the Lower Troncoso and Avile formations. Based on electric logs, the well encountered a potential gross hydrocarbon column of 23 feet in the Lower Troncoso formation at 4,640 feet MD (4,394 feet TVD) and, as programmed, the well also encountered multiple stacked Avile formations with potential gross intervals varying from 50 to 260 feet from 6,800 feet MD (6,530 feet TVD) to 10,620 feet MD (10,360 feet TVD). These zones are highly productive in the nearby Filo Morado field<sup>(1)</sup>. A completion rig is now onsite in order to test the well in several of the Avile sands and the Lower Troncoso formation with results expected to be available in September 2011.

Two previous wells drilled on the block, Curamhuele X-1 and Yapai X-1, have been drilled into the Mulichinco formation and will be reviewed for tie-in and or potential re-entry to test the prospective Vaca Muerta shale formation and an emerging potential shale gas corridor play along the western edge of the Neuquén Basin. In addition, the deeper Los Molles source shale is also believed to be prospective on the block.

#### Cortadera Block (40% working interest)

In May 2011, Apache commenced drilling the CorS x-1 earning well targeting the Quintuco, Mulichinco, Vaca Muerta shale and Tordillo formations. The CorS x-1 well has now reached TD at 14,760 feet MD with electric log results expected within 7 days. Under the terms of Madalena's farm-out agreement, Apache will earn a 50% working interest in the block by drilling, completing and testing, if required, the CorS x-1 exploration well. Madalena will retain a 40% working interest in the block. The CorS x-1 well is a potentially high impact exploration well targeting several thick tight sand and shale gas formations in an emerging potential shale gas corridor along the western edge of the basin.

<sup>1</sup> The production data associated with the Filo Morado field may constitute "analogous information". Such information was released in the Concession Production, Reserves and Resources Statistics Report effective December 31, 2009 from the Secretaria de Energia de la Nacion Argentina. The data relates to production in geographical proximity to prospective lands held by Madalena. Management believes the information is relevant as it helps to define the reservoir characteristics in which the Company may have an interest. The Company is unable to confirm that the analogous information was prepared by a qualified reserves evaluator or auditor or in accordance with the COGE Handbook and therefore, the reader is cautioned that the data relied upon by Madalena may be in error and/or may not be analogous to Madalena's land holdings.

## FINANCIAL AND OPERATING INFORMATION

Certain selected financial and operating information for the three and six month periods ended June 30, 2011 and 2010 are set out below and should be read in conjunction with Madalena's unaudited financial statements and related MD&A.

Financial Information	Three Months Ended June 30,		Six Months Ended June 30,	
	2011	2010	2011	2010
	\$	\$	\$	\$
Revenue	807,497	-	1,369,985	-
Funds used in operations <sup>(1)</sup>	(684,621)	(673,984)	(1,604,683)	(1,435,852)
Funds used in operations per share <sup>(1)</sup>	-	-	(0.01)	(0.01)
Cash flow used in operating activities	(1,029,889)	(827,999)	(1,628,928)	(1,537,014)
Cash flow used in operating activities per share	-	-	(0.01)	(0.01)
Cash flow from (used in) discontinued operations	-	2,015	-	3,534,111
Cash flow from (used in) discontinued operations per share	-	-	-	0.02
Net loss from continuing operations	(12,490,603)	(786,604)	(14,235,108)	(1,634,447)
Net loss from continuing operations per share	(0.05)	-	(0.05)	(0.01)
Net loss for the period	(12,490,603)	(757,919)	(14,235,108)	(1,542,159)
Net loss for the period per share	(0.05)	-	(0.05)	(0.01)
Total assets	45,272,876	23,077,709	45,272,876	23,077,709
Working capital	23,627,323	11,405,936	23,627,323	11,405,936
Capital expenditures	8,380,325	61,399	12,939,934	301,270
Debt	-	-	-	-
<b>Production</b>				
Oil production (barrels per day)	105	-	123	-

1) Funds used in operations and funds used in operations per common share are Non-GAAP measurements – see the discussion under Non-GAAP Measurements contained in the Company's MD&A.

## RESULTS OF OPERATIONS

Oil and gas revenue in the three months ended June 30, 2011 was \$807,497 compared to \$nil in the second quarter of 2010. Oil and gas revenue increased to \$1,369,985 in the first half of 2011 compared to \$nil in the first half of 2010. The increase in oil and gas revenue in 2011 is due to the classification in the fourth quarter of 2010 of the Coiron Amargo Block as a development and production asset. The Company's share of oil production from the Coiron Amargo Block in the three and six month periods ended June 30, 2011 was 9,568 barrels (105 barrels per day) and 22,278 barrels (123 barrels per day), respectively. The Company's share of oil sales in the three and six months ended June 30, 2011 was 14,067 barrels and 24,502 barrels, respectively. Oil production from the block is stored and periodically sold once a sufficient quantity is reached.

The Company realized a net loss of \$12,490,603 for the three months ended June 30, 2011 compared to \$757,919 in the second quarter of 2010. Net loss increased to \$14,235,108 in the first half of 2011 compared to \$1,542,159 in the first half of 2010. Net loss increased primarily due to an impairment loss of \$11,006,637 on exploration and evaluation assets in the second quarter of 2011, higher general and administrative expenses and share-based payments expense partially offset by oil revenue in 2011 from the Coiron Amargo Block and higher interest income.

At June 30, 2011 Madalena had working capital of \$23,627,323 compared to \$37,005,522 at December 31, 2010. Working capital decreased as a result of drilling the Curamhuele X-1001 and Yapai X-1001 exploration wells in the period and general and administrative costs partially offset by oil revenue in 2011 from the Coiron Amargo Block and higher interest income on cash balances.

Funds used in operations increased to \$684,621 for the three months ended June 30, 2011 compared to \$673,984 in the second quarter of 2010. Funds used in operations increased to \$1,604,683 in the first half of 2011 compared to \$1,435,852 in the first half of 2010. Funds used in operations increased as a result of higher general and administrative expenses and abandonment expenditures partially offset by oil revenue from the Coiron Amargo Block and higher interest income on cash balances.

## **About Madalena**

Madalena is a publicly traded international junior Canadian oil and gas exploration company trading on the TSXV under the symbol "MVN".

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### **Forward Looking Statements and BOE equivalents**

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. 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 that 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 Company's forward-looking statements 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 determinative of the rates at which such wells will commence production and decline thereafter. Additionally, 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 the Company.

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.

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.