

## **NEWS RELEASE**

**MADALENA VENTURES INC.  
200, 441 – 5<sup>th</sup> Avenue SW  
Calgary, Alberta T2P 2V1**

**Telephone: (403) 233-8010 / Facsimile (403) 233-8013**

### **MADALENA PLAN OF ARRANGEMENT COMPLETED**

August 23, 2006. Madalena Ventures Inc. ("Madalena" or the "Company") (CNQ: MAVI) is pleased to announce that the Company has completed the plan of arrangement announced on May 3, 2006 and approved by the shareholders of the Company at their June 2, 2006 annual and special general meeting. The effective date of the Arrangement (the "Arrangement Effective Date") was August 22, 2006.

The Arrangement has resulted in the transfer of certain assets of the Company to Great Bear Resources Ltd. (formerly 638523 B.C. Ltd.) ("Great Bear"), formerly a wholly-owned subsidiary of the Company, under the provisions of Section 288 of the British Columbia Business Corporations Act (the "BCBCA"). The purpose of the Arrangement is to separate and preserve those assets of the Company which were related to its mineral exploration business and certain other historical business of the Company in Great Bear for the benefit of the Company's shareholders as at the Arrangement Effective Date, with the intent that Great Bear will carry on the mineral exploration business previously carried on by the Company while the Company focuses on its oil and gas exploration and development business, which has become the Company's principal business.

The results of the Arrangement are summarized as follows:

- (a) each shareholder of the Company has received one-fifteenth of a common share of Great Bear (to the nearest whole share) for each common share of the Company owned by such shareholder on the Arrangement Effective Date;
- (b) each shareholder of the Company continues to own one common share of the Company for each common share of the Company owned by such shareholder on the Arrangement Effective Date;
- (c) the Company has retained all of its cash and oil and gas assets, and continues to carry on the business of exploration and development of oil and gas properties;
- (d) Great Bear has acquired all mineral property interests previously held by the Company, as well as all shares of Planet Exploration Ltd. ("Planet") and Medi-Hut Company, Inc. previously held by the Company (collectively the "Assets"), and has assumed the Company's obligations (the "Obligations") in respect of the dividend in specie (the "Dividend") declared by the Company on November 15, 2004 to be payable in the form of Planet shares.

The Company now intends to continue under the Business Corporations Act (Alberta), as its business will be operated principally out of Calgary, Alberta. The proposed continuation was approved at the Company's June 2, 2006 annual and special general meeting. Great Bear will remain a British Columbia company.

The Company will continue to be managed by existing management of the Company and Great Bear will be managed by the Company's former President, Donald Gee, together with Patrick McCandless, a former director of the Company, and Conrad Lacker. Mr. Gee will remain a director of the Company. He is also a director of Yankee Hat Minerals Ltd., Acero-Martin Exploration Inc. and CMC Metal Inc. Mr. McCandless is Vice-President, Exploration for Imperial Metals Corporation. Mr. Lacker is currently a director of Yankee Hat Minerals Inc. It is intended that Great Bear will arrange equity financing and acquire interests in additional mineral properties as those opportunities are presented.

Great Bear was previously a "private issuer", as that term is defined in the Securities Act (B.C.). As a result of its participation in the Arrangement, Great Bear is now a "reporting issuer", as that term is defined in the Securities Act (B.C.), but is not listed on any stock exchange. It is management's intention that Great Bear will ultimately apply to have its common shares quoted on The Canadian Trading and Quotation System Inc. ("CNQ"), subject to acceptance by CNQ. However, no such application has been made. There is currently no market through which securities of Great Bear can be sold, either before or after the Arrangement Effective Date, and there can be no assurance that any such market will ever develop. There can be no assurance that Great Bear will ever become listed on any stock exchange or become eligible for trading through CNQ or "over-the-counter" on any automated quotation service.

MADALENA VENTURES INC.

On behalf of the Board

"Ken Broadhurst"

Ken Broadhurst, President

### **Forward Looking Statements**

Certain information set forth in this press release, including a discussion of future plans and operations, contains forward looking statements that involve substantial known and unknown risks and uncertainties. These forward-looking statements are subject to numerous risks and uncertainties, some of which are beyond management's control, including but not limited to, the impact of general economic conditions, industry conditions, fluctuation of commodity prices, fluctuation of foreign exchange rates, environmental risks industry competition, availability of qualified personnel and management, stock market volatility, timely and cost effective access to sufficient capital from internal and external sources, as well as risks inherent in operating in foreign jurisdictions, including varying judicial or administrative guidance on interpreting rules and regulations and a higher degree of discretion on the part of governmental authorities. Actual results, performance or achievement could differ materially from those expressed in or implied by these forward-looking statements.