



**PRESS RELEASE**

**FOR IMMEDIATE RELEASE:**

**March 13, 2012**

**BROWNSTONE ENERGY RECEIVES UPDATED RESOURCE REPORTS ON GABRIELLA AND YITZHAK LICENSES, OFFSHORE ISRAEL**

**Toronto, Ontario (March 13, 2012)** – Brownstone Energy Inc. (TSXV: BWN; OTCQX: BWSOF) (“Brownstone” or the “Company”) today announced that it has received two independent resource reports (collectively the “**Reports**”) including a best estimate in aggregate of 232.2 million barrels (“**MMbbl**”) of oil and condensate, including 110.1 MMbbl of contingent oil, and 1.8 TCF of gas on the Company’s Gabriella License and Yitzhak License (collectively, the “**Licenses**”) located offshore Israel. The Reports were prepared by Netherland, Sewell & Associates, Inc. (“**NSAI**”) of Houston, Texas.

NSAI conducted an assessment of the Gross (100%) Contingent and Unrisked Prospective Resources located in the #378 / Gabriella block and the Gross (100%) Unrisked Prospective Resources in the #380 / Yitzhak block, both as of March 1, 2012. Approximately 465-km<sup>2</sup> of 3D seismic data was acquired in 2010 and 2011 for the Licenses. The data was shot on an azimuth of 23 degrees and was processed by CGG Veritas. This survey was processed with another smaller 197-km<sup>2</sup> 3-D seismic survey shot on an azimuth of 343 degrees.

The following is a summary of the findings of the Reports:

**Summary of Best Estimate Contingent<sup>(1)</sup> and Prospective<sup>(2)</sup> Resources as of March 1, 2012:**

<b>Hydrocarbon</b>	<b>Classification</b>	<b>Best Estimate Gross</b>
<b>Oil (44°- 47° API)</b>	Contingent (Gabriella)	110.1 MMbbl
<b>Oil (44°- 47° API)</b>	Prospective (Yitzhak)	79.1 MMbbl
	<b>Total</b>	<b>189.2 MMbbl</b>
<b>Condensate</b>	Prospective (Gabriella)	17.4 MMbbl
<b>Condensate</b>	Prospective (Yitzhak)	25.6 MMbbl
	<b>Total</b>	<b>43.0 MMbbl</b>
<b>Gas</b>	Contingent (Gabriella)	110.1 BCF
<b>Gas</b>	Prospective (Gabriella)	641.1 BCF
<b>Gas</b>	Prospective (Yitzhak)	1,023.2 BCF
	<b>Total</b>	<b>1,774.4 BCF</b>

- (1) *Contingent resources are those quantities of petroleum estimated, as of a given date, to be potentially recoverable from known accumulations using established technology or technology under development, but which are not currently considered to be commercially recoverable because of one or more contingencies. The contingent resources shown in the table above have been estimated using probabilistic methods. The probability that the quantities of resources actually recovered will equal or exceed the estimated amounts for the low estimate is 90%, for the best estimate is 50% and the high estimate is 10%. Based on analogous field developments, assuming a discovery is made, the best estimate contingent resources on the Gabriella and Yitzhak block have a reasonable chance of being commercial.*
- (2) *Prospective resources are those quantities of petroleum estimated, as of a given date, to be potentially recoverable from undiscovered accumulations by application of future development projects. The prospective resources included in this report indicate exploration opportunities and development potential in the event a petroleum discovery is made and should not be construed as reserves or contingent resources. There is no certainty that any portion of the prospective resources will be discovered. If discovered, there is no certainty that it will be commercially viable to produce any portion of the prospective resources.*

*The prospective resources shown in the table above have been estimated using probabilistic methods and are dependent on a petroleum discovery being made. If a discovery is made and development is undertaken, the probability that the recoverable volumes will equal or exceed the unrisks estimated amounts above for the low estimate is 90%, for the best estimate is 50% and the high estimate is 10%. Based on analogous field developments, with the assumption a discovery is made, the unrisks best estimate prospective resources on the Gabriella and Yitzhak blocks have a reasonable chance of being commercial.*

Sheldon Inwentash, CEO of Brownstone Energy comments: “ The Netherland and Sewell independent evaluations of our offshore Israel Gabriella and Yitzhak blocks further confirm that Brownstone has significant high impact exploration projects in our portfolio of world class assets.

The upcoming exploration well on the Gabriella block will target the same Jurassic carbonates that tested oil in the Yam Yafo 1 well that was previously drilled on the block in 1994. As a result, Netherland and Sewell have classified these resources on the Gabriella block as contingent resources, with a gross best estimate of 110.1 MM barrels of oil. If we include associated gas, the total gross number increases to 128.4 MM barrels of oil equivalent.

On our Yitzhak block, where we are also progressing our drilling plans, Netherland and Sewell has used our newly acquired and interpreted high resolution 3D seismic data to significantly increase previous gross prospective resource estimates to 79.1 MM barrels of oil. If we include associated gas, the total gross number increases to 92.3 MM barrels of oil equivalent. Netherland and Sewell have given the Yitzhak block a 40% chance of geologic success, as it is adjacent to, and similar to, the Gabriella prospect which has already tested oil in the same Jurassic carbonates we are targeting here.

Cumulatively, the Gabriella and Yitzhak blocks hold a gross total of 220.7 MM barrels of oil equivalent resources within the Jurassic carbonates, with Brownstone holding an unencumbered 15% working interest in each block. As we move forward with our drilling plans we note that analogous projects with similar geologic and technical parameters have been successfully commercialized in many jurisdictions around the world.”

### **Gabriella License – Contingent Resources**

The Gabriella License is located approximately 24 kilometers northwest of Tel Aviv, in the waters offshore Israel. The block covers an area of approximately 390 square kilometers (97,000 acres) and is in water depths that range from 100 meters on the east side of the block to just over 425 m on the southwest side of the block. One well, the Yam Yafo 1, has been drilled on the block (in 1994).

The estimated gross (100%) contingent resources from the Jurassic Formation, as of March 1, 2012 are:

## Summary of Gross (100 percent) Contingent Resource<sup>(1)</sup> Estimates, Jurassic Oil Prospects

Category	Oil (MMbbl)	Gas <sup>(2)</sup> (Bcf)	Oil Equivalent (Mmboe <sup>(3)</sup> )
Low Estimate (1C)	29.7	29.7	34.6
Best Estimate (2C)	110.1	110.1	128.4
High Estimate (3C)	264.4	264.4	308.5

(1) Contingent resources are those quantities of petroleum estimated, as of a given date, to be potentially recoverable from known accumulations using established technology or technology under development, but which are not currently considered to be commercially recoverable because of one or more contingencies. The contingent resources shown in the table above have been estimated using probabilistic methods. The probability that the quantities of resources actually recovered will equal or exceed the estimated amounts for the low estimate is 90%, for the best estimate is 50% and the high estimate is 10%. Based on analogous field developments, assuming a discovery is made, the best estimate contingent resources on the Gabriella block have a reasonable chance of being commercial.

(2) Based on well test information, a gas-oil ratio of 1000 standard cubic feet per barrel was estimation for the 1C, 2C and 3C estimates.

(3) BOEs may be misleading, particularly if used in isolation. A BOE conversion ratio of 6 Mcf: 1bbl is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead.

## Gabriella License – Prospective Resources

The estimated unrisks gross (100%) prospective gas resources for these prospective reservoirs, as of March 1, 2012 are:

### Summary of Gross (100 percent) Prospective Resource<sup>(1)</sup> Estimates of Prospective Reservoirs

Prospective reservoir	Category	Unrisks Gross (100 percent) Prospective Resources			
		Oil Resources (MMbbl)	Condensate (MMbbl)	Gas (Bcf)	Oil Equivalent (Mmboe <sup>(2)</sup> )
Miocene	Low Estimate	0.0	1.4	69.9	13.0
	Best Estimate	0.0	7.0	257.1	49.8
	High Estimate	0.0	25.7	773.5	154.6
Talme Yafe	Low Estimate	0.0	0.8	39.6	7.4
	Best Estimate	0.0	4.7	174.7	33.8
	High Estimate	0.0	18.6	562.6	112.3
Gevar Am	Low Estimate	0.0	1.1	52.2	9.8
	Best Estimate	0.0	5.7	209.3	40.6
	High Estimate	0.0	21.7	670.7	133.5

(1) Prospective resources are those quantities of petroleum estimated, as of a given date, to be potentially recoverable from undiscovered accumulations by application of future development projects. The prospective resources included in this report indicate exploration opportunities and development potential in the event a petroleum discovery is made and should not be construed as reserves or contingent resources. There is no certainty that any portion of the prospective resources will be discovered. If discovered, there is no certainty that it will be commercially viable to produce any portion of the prospective resources.

The prospective resources shown in the table above have been estimated using probabilistic methods and are dependent on a petroleum discovery being made. If a discovery is made and development is undertaken, the probability that the recoverable volumes will equal or exceed the unrisked estimated amounts above for the low estimate is 90%, for the best estimate is 50% and the high estimate is 10%. Based on analogous field developments, with the assumption a discovery is made, the unrisked best estimate prospective resources on the Gabriella block have a reasonable chance of being commercial.

- (2) BOEs may be misleading, particularly if used in isolation. A BOE conversion ratio of 6 Mcf: 1bbl is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead.

The table below illustrates the geological risk elements and overall probability of geological success for each of the three prospective reservoirs.

#### Risk Elements

Prospective Reservoir	Geologic Risk Elements (Percent)				Probability of Geologic Success (Percent)
	Trap Integrity	Reservoir Quality	Source Evaluation	Timing/ Migration	
Miocene	60	30	90	90	15
Talme Yafe	60	50	90	90	24
Gevar Am	60	50	90	90	24

Each reservoir was evaluated to determine ranges of in – place and recoverable petroleum and was risked as an independent entity without dependency between potential perspective reservoir drilling outcomes.

#### Yitzhak License - Prospective Resources

The Yitzhak License is located approximately 38 kilometers north northwest of Tel Aviv, in the waters offshore Israel. The block covers an area of approximately 128 square kilometers (31,630 acres) and is in water depths that range from 75 meters on the east side of the block to just over 225 m on the west side of the block. Two wells, the Delta 1, and Delta 1A have been drilled on the block.

The estimated gross (100%) prospective resources from the Jurassic Formation, as of March 1, 2012 are:

#### Summary of Gross (100 percent) Prospective Resource<sup>(1)</sup> Estimates of Prospective Reservoirs

Prospective Reservoir	Category	Unrisked Gross (100%) Prospective Resources			
		Oil (MMbbl)	Condensate (MMbbl)	Gas (Bcf)	Oil Equivalent (Mmboe <sup>(3)</sup> )
Talme Yafe	Low Estimate	0.0	2.4	112.1	21.1
	Best Estimate	0.0	13.2	486.7	94.3
	High Estimate	0.0	58.2	1807.6	359.5
Gevar Am	Low Estimate	0.0	1.8	78.8	14.9
	Best Estimate	0.0	12.4	457.4	88.6
	High Estimate	0.0	68.1	2206.4	435.8
Jurassic <sup>(2)</sup>	Low Estimate	28.3	0.0	28.3	33

	<b>Best Estimate</b>	<b>79.1</b>	<b>0.0</b>	<b>79.1</b>	<b>92.3</b>
	<b>High Estimate</b>	<b>167.6</b>	<b>0.0</b>	<b>167.6</b>	<b>195.6</b>

- (1) *Prospective resources are those quantities of petroleum estimated, as of a given date, to be potentially recoverable from undiscovered accumulations by application of future development projects. The prospective resources included in this report indicate exploration opportunities and development potential in the event a petroleum discovery is made and should not be construed as reserves or contingent resources. There is no certainty that any portion of the prospective resources will be discovered. If discovered, there is no certainty that it will be commercially viable to produce any portion of the prospective resources.*

*The prospective resources shown in the table above have been estimated using probabilistic methods. The probability that the quantities of resources actually recovered will equal or exceed the estimated amounts for the low estimate is 90%, for the best estimate is 50% and the high estimate is 10%. Based on analogous field developments, assuming a discovery is made, the best estimate contingent resources on the Yitzhak block have a reasonable chance of being commercial.*

- (2) *Based on well test information, a gas-oil ratio of 1,000 standard cubic feet per barrel was estimated for the Jurassic prospective reservoir low, best and high estimates*
- (3) *BOEs may be misleading, particularly if used in isolation. A BOE conversion ratio of 6 Mcf: 1bbl is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead.*

The table below illustrates the geological risk elements and overall probability of geological success for each of the three prospective reservoirs.

#### Risk Elements

Prospective Reservoir	Geologic Risk Elements (Percent)				Probability of Geologic Success (Percent)
	Trap Integrity	Reservoir Quality	Source Evaluation	Timing/Migration	
<b>Talme Yafe</b>	<b>60</b>	<b>50</b>	<b>90</b>	<b>90</b>	<b>24</b>
<b>Gevar Am</b>	<b>70</b>	<b>50</b>	<b>90</b>	<b>90</b>	<b>25</b>
<b>Jurassic</b>	<b>70</b>	<b>70</b>	<b>90</b>	<b>90</b>	<b>40</b>

The estimates in this report have been prepared in accordance with the definitions and guidelines set forth in Canadian National Instrument 51-101 Standards of Disclosure for Oil and Gas Activities and Section 5 of Volume 1, Second Edition, of the Canadian Oil and Gas Evaluation Handbook (COGEH), prepared jointly by the Society of Petroleum Evaluation Engineers (Calgary Chapter) and the Canadian Institute of Mining, Metallurgy & Petroleum (Petroleum Society) (the latter of which is now the Petroleum Society of Canada).

#### **Gabriella and Yitzhak Working Interests**

In the Gabriella license, Brownstone holds a Working Interest of 15%.

In the Yitzhak license, Brownstone holds a Working Interest of 15%.

## **About Brownstone**

Brownstone Energy Inc. is a Canadian-based, energy focused company with direct interests in oil and gas exploration projects, including varying interests in three off-shore Israel concessions and in four Colombian blocks in the Llanos basin, as well as other oil and gas interests worldwide. By owning and managing a diversified portfolio of energy-based projects, Brownstone provides shareholders with a unique energy alternative. For additional information, please see Brownstone's website: [www.brownstoneenergy.com](http://www.brownstoneenergy.com).

***Neither TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.***

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## **Cautionary Statements**

*This news release contains forward-looking information and forward-looking statements within the meaning of applicable securities laws (together, "forward-looking information"). The use of any of the words "expect", "anticipate", "continue", "estimate", "believe", "plans", "intends", "confident", "may", "objective", "ongoing", "will", "should", "project", "should" and similar expressions are intended to identify forward-looking information.*

*The forward-looking information is based on certain key expectations and assumptions made by the Company, including expectations and assumptions concerning the operational results in Israel. Although the Company believes that the expectations and assumptions on which the forward-looking information are based are reasonable, undue reliance should not be placed on the forward-looking information because the Company can give no assurance that they will prove to be correct.*

*Since forward-looking information addresses future events and conditions, by its very nature it involves inherent risks and uncertainties. Actual results could differ materially from those currently anticipated due to a number of factors and risks. These include, but are not limited to, the inherent risks involved in the exploration and development of oil and gas properties, the uncertainties involved in interpreting drilling results and other geological data, uncertainties relating to fluctuating oil and gas prices, the possibility of cost overruns or unanticipated costs and expenses and other factors including unforeseen delays. Anticipated exploration and development plans relating to the Company's properties are subject to change.*

*The foregoing list of assumptions, risks and uncertainties is not exhaustive. The forward-looking information*

*contained in this press release is made as of the date hereof and Brownstone undertakes no obligation to update publicly or revise any forward-looking statements or information, whether as a result of new information, future events or otherwise, unless so required by applicable securities laws.*