



PRESS RELEASE

FOR IMMEDIATE RELEASE:

July 5, 2012

BROWNSTONE ANNOUNCES COMPLETION OF TESTING AT FLAMI-1 WELL OIL DISCOVERY AT LLANOS BLOCK 27

Toronto, Ontario (July 5, 2012) - Brownstone Energy Inc. (TSXV: BWN; OTCQX: BWSOF) ("Brownstone") is pleased to announce that the operator has completed testing operations of the Flami-1 well at the Llanos 27 block and is now making an application to have the well put on extended production test.

The Flami-1 well is the second well drilled by NCT Energy Group C.A. Colombia, as official Operator of the Llanos 27 Block, along with Brownstone and its partners. The well commenced drilling on April 23, 2012 and was drilled with the Saxon 132 1,500 horsepower rig and was successfully drilled to a total depth of 9,300 feet on May 31, 2012. Well logs indicated an estimated 20 feet of potential gross oil pay in the Mirador formation and 22 feet in the Une formation. Testing operations of both the Une formation and Mirador formation have now concluded.

Une Formation Test

On June 21, 2012, the Company announced a new oil discovery in the Une formation of the Flami-1 well. Testing operations commenced on June 13, 2012 with the Une formation being perforated at the 9,086-9,100 foot interval.

Phase 1 of the test involved producing out the drilling control fluids and cleaning the wellbore. Over a 60 hour period, the well produced 1,514 BOPD of 15.5 degree API oil with an average watercut of 13%. Cumulative oil production over those 60 hours was 3,786 barrels of oil.

Following Phase 1 of the test the well was shut in to perform a 24 hour pressure build-up test. During this time, the formation pressure was measured at 3,850 psi.

Phase 2 of the test involved periodically stepping up the total fluid production rate to observe watercut and overall fluid production. Cumulative production over a 73 hour period was 5,496 barrels of oil and was produced in the following stages:

1. Stage 1: Over an initial period of 29 hours the well produced 1,403 BOPD (1,695 total over 29 hours) with an average watercut of 20%;
2. Stage 2: The drawdown rate was increased and over a period of 20 hours the well produced 1,832 BOPD (1,527 total over 20 hours) with a watercut of 12%;
3. Stage 3: The drawdown rate was increased and over a period of 15 hours the well produced 2,160 BOPD (1,350 total over 15 hours) with a watercut of 12%;
4. Stage 4: The drawdown rate was increased and over a period of 9 hours the well produced 2,464 BOPD (924 total over 9 hours) with a 12% watercut.

These test results are preliminary and are not necessarily an indication of the longer-term potential of the well. Additional tests will be performed once the well can be placed on an extended test.

Mirador Formation Test

Testing operations commenced on July 1, 2012 with the Mirador formation being perforated at the 8,364-8,372 foot interval. Over a 48 hour test, the Mirador formation produced a total of 510 barrels of oil and 1,448 barrels of water. The calculated average daily rate over the two days was 299 BOPD, and 899 BOPD for a 75% watercut.

Given the lower productivity and higher watercut of the Mirador formation, it was decided to terminate testing of the Mirador formation and move towards an application to place the Une formation of the well on extended production test.

The well will now be shut in while an application is made to the Ministry of Mines and Energy in Colombia to put the well on an extended test. This application approval is expected to take up to six weeks, at which time the well can be put back on production and oil from the extended test sold to market.

Brownstone is paying 50% of the total cost of the well and will earn 45.275% of production before payout and 34.25% of production after payout under a private participating interest agreement.

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.

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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 Colombia. 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