



PRESS RELEASE

FOR IMMEDIATE RELEASE:

July 23, 2012

BROWNSTONE ENERGY PARTNER ENTERS INTO DRILLING CONTRACT WITH NOBLE DRILLING TO DRILL GABRIELLA LICENSE, OFFSHORE ISRAEL

Toronto, Ontario (July 23, 2012) – Brownstone Energy Inc. (TSXV: BWN; OTCQX: BWSOF) (“Brownstone” or the “Company”) is pleased to announce that further to its press release of June 13, 2012, Modiin Energy L.P (“**Modiin Energy**”), on behalf of the Gabriella License consortium, including Adira Energy Ltd. and Brownstone, has executed a detailed drilling contract (the “**Agreement**”) with Noble International Ltd (“**Noble Drilling**”). The Agreement provides for the drilling of the Gabriella License (the “**License**”) by the Noble Homer Farrington semi-submersible rig prior to the government regulated spud date of June 30, 2013. Jonathan Schroeder, the Company’s President, stated that, “Brownstone is pleased with the signing of the Homer Farrington rig contract and is a fundamental key in moving forward on the oil potential in offshore Israel. The Homer Farrington has drilled some of the most successful discovery wells in the Eastern Mediterranean including “Leviathan” offshore Israel and “Block 12” offshore Cyprus.”

About the Gabriella License

The Gabriella License is located approximately 10 kilometers northwest of Tel Aviv, in the waters offshore Israel. The block covers an area of approximately 392 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 meters on the southwest side of the block. Brownstone holds a 15% Working Interest in the Gabriella License. On March 13, 2012, the Company announced it received an independent resource report prepared by Netherland, Sewell & Associates, Inc. which included a best estimate of 110.1 MMbbl of contingent oil on the Gabriella License on a gross unrisks basis. Full resource report is available on SEDAR (www.sedar.com)

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.

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", "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.