



**PRESS RELEASE**

**FOR IMMEDIATE RELEASE:**

**July 1, 2013**

**BROWNSTONE ENTERS INTO SETTLEMENT AGREEMENT WITH GABRIELLA LICENSE PARTNERS AND APPLIES FOR LICENSE EXTENSION**

**Toronto, Ontario (July 1, 2013)** - Brownstone Energy Inc. (TSXV: BWN; OTCQX: BWSOF) (“Brownstone” or “the Company”) is pleased to announce that it has entered into a settlement agreement with Adira Energy Israel Ltd (“Adira”) and Modiin Energy LP (“Modiin”) (collectively the “Consortium Partners”) for the drilling and funding of the Gabriella License (offshore Israel). The settlement agreement follows the Consortium Partners’ disputes over their respective funding obligations and related suspension of operations with respect to the Gabriella well in February, 2013.

The settlement agreement provides that the Consortium Partners will fund their proportionate share of all costs associated with the Gabriella license that have been incurred in connection with the drilling of the first well. Brownstone’s share of the costs, which totals approximately US\$3.5 million, is payable in stages following unitholder approval discussed below. The final payment of approximately US\$1.2 million out of the US\$3.5 million being conditional upon funding by the other Consortium Partners.

The settlement agreement also provides the Consortium Partners with tag-along rights to participate in a farm out of their interests in the License consummated by the other Consortium Partners and preserves Brownstone’s option to acquire a 10% interest in the Yam Hadera License (offshore Israel) owned by Modiin.

The Settlement Agreement is subject to the approval of the unit holders of Modiin, which is expected to be sought within 15 days. If the agreement is not so approved, it will terminate.

The Company further announces that the Consortium Partners have applied to the Minister of Energy and Water of the State of Israel for an extension of the dates for the execution of the drilling program to spud the first well on the Gabriella License. The current spud date expired on June 30, 2013.

## **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 three 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 the U.S.A. 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.*