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**PRESS RELEASE**

**FOR IMMEDIATE RELEASE:**

**February 15, 2011**

**BROWNSTONE ENERGY ANNOUNCES TERMS OF FINANCING**

**Toronto, Ontario (February 15, 2011)** – Brownstone Energy Inc. (TSXV: BWN) (“Brownstone” or the “Company”) is pleased to announce that it has finalized the terms of its previously announced private placement and intends to enter into an agreement with Jennings Capital Inc. and Dundee Securities Ltd., acting as co-lead underwriters on behalf of a syndicate of underwriters which includes Clarus Securities Inc., Fraser Mackenzie Ltd., PI Financial Corp. and All Group Financial Services Inc. (collectively, the “Underwriters”), to issue 26,315,790 units of the Company (the “Units”) at a price of \$0.95 per Unit for gross proceeds of \$25,000,000 (the “Offering”). Each Unit is comprised of one common share of the Company (the “Common Shares”) and one-half of one common share purchase warrant (the “Warrants”). Each whole Warrant will entitle the holder to purchase one Common Share at a price of \$1.25 for a period of 18 months from the Closing Date of the Offering (the “Warrant Term”). If, following the expiry of the four-month hold period, the closing price of Brownstone’s common shares exceeds \$1.75 for 20 consecutive business days, then the Warrant Term shall be automatically reduced and the Warrants will expire on the date that is 30 days following the issuance of a press release announcing the reduced Warrant Term.

The Company has also granted the Underwriters an option (the “Over-Allotment Option”) to increase the size of the Offering by up to an additional 3,947,368 Units, exercisable in whole or in part at any time up to the Closing Date. If the Over-Allotment Option is exercised in full, the aggregate gross proceeds raised will be \$28,750,000.

The Company intends to use the net proceeds of the Offering to fund its exploration and development programs in Colombia and off-shore Israel, for working capital and general corporate purposes.

Closing of the Offering is anticipated to occur on or about March 9, 2011 (the “Closing Date”) and is

subject to certain customary conditions and regulatory approvals including approval of the TSX Venture Exchange. The Common Shares will be subject to a statutory hold or restricted period of four months following the Closing Date. In connection with the Offering, the Company has agreed to pay to the Underwriters a cash commission equal to 6.0% of the gross proceeds raised and Warrants equal to 6.0% of the number of Units issued pursuant to the Offering (including the exercise of the Over-Allotment Option).

PowerOne Capital Markets Limited is acting as an advisor to Brownstone.

### **About Brownstone**

Brownstone Energy Inc. is a Canadian-based, energy focused investment company with equity interests and direct interests in oil and gas exploration projects, including working interests in almost 300,000 acres in the Piceance/Uinta Basins of Colorado and Utah; 253,000 acres in Rio Negro, Argentina; interests in several projects in Brazil; a 50% interest in approximately 300,000 hectares in the Québec Lowlands; a 15% participating interest in several off-shore Israel oil and gas blocks; and is earning interests (14-35%) in 4 Colombian blocks in the Llanos basin. 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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