



## **PRESS RELEASE**

**FOR IMMEDIATE RELEASE:**

**September 7, 2011**

### **BROWNSTONE ENERGY ANNOUNCES RESOURCE ASSESSMENT ON TWO ISRAELI OFFSHORE LICENSES**

**Toronto, Ontario (September 7, 2011)** – Brownstone Energy Inc. (TSXV: BWN) (“Brownstone” or the “Company”) announces that Adira Energy Ltd. (“Adira”), its partner and the operator of its Israeli oil and gas properties, has received two independent reports (collectively, the “Reports”) disclosing resource estimates on each of the Gabriella License and Yitzhak License (collectively, the “Licenses”) located offshore in Israel.

Gustavson Associates LLC (“Gustavson”) of Boulder, Colorado was commissioned by Adira in April 2011, to independently evaluate the hydrocarbon potential of the Licenses using all data available as of an effective date of August 31, 2011 (the “Effective Date”).

Gustavson was provided with certain data by Adira including a new dual azimuth 3-D dataset recently acquired by Adira pertaining to the Licenses. The 3-D data was delivered in the form of a Quick-Look cube by WesternGeco (a division of Schlumberger Limited). The final processing of the 3-D data is scheduled to be completed in the first quarter of 2012 by CGG Veritas.

Gustavson conducted an assessment of the gross contingent and prospective oil and gas resources on the Licenses as of the Effective Date. The Reports are limited to an estimation of the possible range of hydrocarbon volume that theoretically may be produced and does not include any economic modeling or valuation of the resources. Such estimations provided in the Reports have not been adjusted to reflect the Company’s working interest in the Licenses or any other encumbrances.

The Reports describe a probabilistic distribution of each of the Licenses’ “ontingent resources” in respect of oil on the Gabriella License and “prospective resources” in respect of gas for both Licenses and the oil

on the Yitzhak License both terms as defined by the Canadian Oil and Gas Evaluation Handbook (“COGEH”) and do not represent an estimate of reserves.

## **GABRIELLA LICENSE**

The Gabriella License covers a total area of approximately 390 square kilometers (or 97,000 acres) and is in relatively shallow water with depths between 80 and 200 meters.

Brownstone has a 15% participating interest in the Gabriella License.

The primary prospect on this block is a Jurassic aged carbonate in a Syrian Arc structural trend that had tested oil from the Jurassic Zohar formation in the Yam-Yafo 1 well which is located in Block #378 / “Gabriella”, in 1994. The other prospects on this block are shallower and younger formations that are interpreted to be gas and condensate bearing. The review of well and test data revealed that there were a total of three Jurassic well penetrations on trend that had showed or tested oil. The evaluation includes a petrophysical analysis of the well log data from the Yam-Yafo 1 well and the Yam 2 well (south of the block) in the same Jurassic section along with a detailed fracture analysis of the oil bearing zones in the wells. These two wells both tested 44 to 48 degree API light oil at rates in excess of 800 barrels per day.

Secondary prospects on this block are the Cretaceous and Miocene aged sections. Seismic interpretation has identified several prospects with potential hydrocarbon accumulations. The hydrocarbons in these sections are assumed to be predominantly gas with condensate. Only those prospects that are contained within the block boundaries have been included in the resource estimates. There may also be more Cretaceous, Miocene and even Pliocene prospects contained within the block as the final processed version of the recently acquired 3-D dual azimuth seismic data may show additional potential prospects.

## **Oil**

A probabilistic estimate of contingent resources was made using the parameters from the available data. The following Table 1 shows the estimated contingent resources for the Jurassic of the Block #378 / ‘Gabriella’ in millions of barrels of oil (“MMBO”).

**Table 1: Summary of Gross Contingent Resource Estimates, Jurassic Oil Prospects**

	<b>Low Estimate</b>	<b>Best Estimate</b>	<b>High Estimate</b>
<b>Oil Resources, MMBO</b>	60	277	806

*\* “Contingent Resources” The values refer to the probabilistically estimated recoverable fraction of “Contingent Resources” within that classification. The economic nature of this resource has not yet been assessed due to the early stage of data gathering. The recoverable portion of this “Contingent Resource” is contingent upon the demonstration of productive capability of the various zones of interest through well testing and longer term production testing, which has not occurred as of the Effective Date.*

## Gas

A probabilistic estimate of the prospective resources was made using the parameters from the available data. The following Table 2 shows the summary of the estimated prospective resources for the Cretaceous and Miocene of the Block #378 / 'Gabriella' in Billions of Cubic Feet of Gas ("BCF") and Millions of Barrels of Condensate ("MMBC").

**Table 2: Summary of Gross Prospective Resource Estimates**

Structure	Reservoir	Prospective Gas Resource (BCF)			Prospective Gas Condensate Resources (MMBC)		
		Low Estimate	Best Estimate	High Estimate	Low Estimate	Best Estimate	High Estimate
South Area	Cretaceous	205.5	837.9	2,011.4	28.5	120.1	308.8
Central Area	Cretaceous	150.2	410.5	831.3	20.9	59.3	129.5
North Area	Cretaceous	189.1	496.7	1,011.2	26.3	71.6	158.3
South Fault Block	Miocene	0.8	2.4	5.4	0.1	0.2	0.4
Southeast Fault Block	Miocene	0.9	3.0	7.4	0.1	0.2	0.6
East Stratigraphic	Miocene	537.2	1,808.7	4,560.6	36.5	128.3	343.6
<b>Total</b>		<b>1,083.7</b>	<b>3,559.2</b>	<b>8,427.3</b>	<b>112.4</b>	<b>397.7</b>	<b>941.2</b>

\* "Prospective Resources" are those quantities of petroleum/gas estimated, as of a given date, to be potentially recoverable from undiscovered accumulations. Prospective resources have both an associated chance of discovery (geological chance of success) and a chance of development (economic, regulatory, markets, facility, corporate commitment and political risks). The chance for commerciality is the product of the two risk components. The estimates contained herein have not been risked for chance of discovery of development. There is no certainty that any portion of the prospective resource will be discovered, or, if a discovery is made, there is no certainty it will be developed, or, if it is developed, there is no certainty as to the timing of such development or that it will be commercially viable to produce any portion of the prospective resource. In this case, prospective resources are undiscovered resources that indicate development potential in the event the discovery is commercial and should not be construed as reserves or contingent resources.

## YITZHAK LICENSE

The Yitzhak License covers a total area of approximately 127.7 square kilometers (or 31,555 acres) and is in relatively shallow water with depths between 60 and 250 meters.

Brownstone has a 15% participating interest in the Yitzhak License.

The primary prospect on the Yitzhak License is the Jurassic aged carbonate in a Syrian Arc structure that had tested oil from the Jurassic Zohar formation in the Yam-Yafo 1 well which is located in Block #378 / 'Gabriella' in 1994. The Delta 1A well penetrated the Jurassic and is located on the Yitzhak block but it was not drilled deep enough to test the Zohar limestone. The other prospects on this block are shallower and younger formations that are interpreted to be gas bearing. The review of well and test data revealed that there were a total of three Jurassic penetrations on the Syrian Arc structural trend that had showed or tested oil. The evaluation includes a petrophysical analysis of the well log data from the Yam-Yafo 1 well and the Yam 2 well (south of Gabriella block) in the Jurassic section along with a detailed fracture

analysis of the oil bearing zones in the wells. These two wells both tested 44 to 48 degree API light oil at rates in excess of 800 barrels per day.

Secondary prospects on this block are in the Cretaceous aged section. Seismic interpretation has identified several prospects with potential hydrocarbon accumulations. The hydrocarbons in these sections are assumed to be predominantly gas with condensate. Only those prospects that are contained within the block boundaries have been included in the resource estimates. There may be more Cretaceous as well as Miocene and even Pliocene prospects contained within the block. The final processed version of the new 3-D seismic survey may show additional potential prospects.

A probabilistic estimate of prospective resources was made using the parameters from the available data.

The following Table 3 shows the estimated prospective resources for the Jurassic of the Yitzhak Block in MMBO.

**Table 3: Summary of Gross Prospective Resource Estimates, Jurassic Oil Prospects**

	<b>Low Estimate</b>	<b>Best Estimate</b>	<b>High Estimate</b>
<b>OOIP, MMBO</b>			
<b>Oil Resources, MMBO</b>	4.5	20.4	64.4

The following Table 4 shows the estimated prospective resource in the Cretaceous in BCF and MMBC.

**Table 4: Summary of Gross Prospective Resource Estimates, Cretaceous Gas Prospects**

<b>Prospect</b>	<b>Reservoir</b>	<b>Prospective Gas Resources, BCF, Estimate</b>			<b>Prospective Condensate Resources, MMBC, Estimate</b>		
		<b>Low</b>	<b>Best</b>	<b>High</b>	<b>Low</b>	<b>Best</b>	<b>High</b>
Talme Yafe	Cretaceous	34.6	147.3	382.5	4.8	20.9	58.9
West	Cretaceous	198.5	842.2	2,254.7	27.2	123.5	346.5
<b>Total</b>		233.1	989.5	2,637.2	32	144.4	405.4

\* “Prospective Resources” are those quantities of petroleum/gas estimated, as of a given date, to be potentially recoverable from undiscovered accumulations. Prospective resources have both an associated chance of discovery (geological chance of success) and a chance of development (economic, regulatory, markets, facility, corporate commitment and political risks). The chance for commerciality is the product of the two risk components. The estimates contained herein have not been risked for chance of discovery or development. There is no certainty that any portion of the prospective resource will be discovered, or, if a discovery is made, there is no certainty it will be developed, or, if it is developed, there is no certainty as to the timing of such development or that it will be commercially viable to produce any portion of the prospective resource. In this case, prospective resources are undiscovered resources that indicate development potential in the event the discovery is commercial and should not be construed as reserves or contingent resources.

Sheldon Inwentash, Chairman and CEO of Brownstone stated, “We are pleased that the resource report delivered by Gustavson has reinforced our confidence that our offshore Israeli blocks hold similar hydrocarbon potential to recent discoveries made by Noble Energy and their partners in what is proving to be a very prolific hydrocarbon province. Given that previous wells drilled on and around our blocks have

flowed significant volumes of light oil when originally tested has dramatically reduced the exploration drilling risk. The fact that our blocks are in shallow water, near shore, and close to oil and gas transmission infrastructure will mean tie-in of production should be relatively easy and economic. We echo our partner's commitment to continue our efforts to develop energy in Israel, for Israel."

## **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 5 off-shore Israel concessions and in 4 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.***

For further information, please contact:

Jonathan Schroeder, P. Geoph., President and COO  
(403) 660-2894  
[schroeder@brownstoneenergy.com](mailto:schroeder@brownstoneenergy.com)

or

Richard Patricio, Vice-President Corporate and Legal Affairs  
(416) 941-8900  
[info@brownstoneenergy.com](mailto:info@brownstoneenergy.com)

## **Note Regarding Forward-Looking Information**

Certain information in this press release constitutes "forward-looking information" within the meaning of applicable securities legislation, which is information regarding possible events or conditions or our financial performance that is based on assumptions about future economic conditions and courses of action, and which is, by its nature, inherently uncertain. All information other than statements of historical fact may be forward-looking information. Forward-looking information can often, but not always, be identified by the use of words such as "believe", "anticipate", "expect", "plan", "estimate", "target", "continue", "could", "intend", "may", "potential", "predict", "should", "will", "objective", "project", "forecast", "budget", "goal", "guidance", "outlook", "effort", "seek", "schedule" or expressions of a similar nature (including negative variations) suggesting future outcomes. Additionally, information regarding contingent and prospective resources, as estimates of quantities of known or undiscovered accumulations, respectively, that are potentially recoverable, is deemed to be forward-looking information.

Forward-looking information involves significant known and unknown risks, uncertainties and other factors, most of which are beyond our control, that may cause actual results or events to differ materially from those anticipated in such forward-looking information. With respect to forward-looking information contained in this press release, our partner and, in some cases, the independent resources evaluator have made assumptions regarding, among other things: future crude oil and natural gas prices; future foreign exchange rates and inflation rates, our ability to obtain and retain qualified staff and equipment in a timely and cost efficient manner; the regulatory framework governing royalties, and taxes and environmental matters in Israel. We believe the expectations reflected in the forward-looking information are reasonable but no assurance can be given that these expectations will prove to be correct.

The forward-looking information in this press release is made as at the earlier of the date of this press release or the effective date or preparation date of the information. Because of the risks, uncertainties and assumptions inherent in forward-looking information, readers are cautioned to not place undue reliance on the forward-looking information in this release. Except as required by law, we

assume no obligation to update or revise the forward-looking information contained in this press release should circumstances or our estimates or opinions change. All forward-looking information contained in this press release is expressly qualified by this cautionary note.