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News Release

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

TORONTO, July 23, 2012 /CNW/ - ADIRA ENERGY LTD. (TSXV: ADL) (OTCBB: ADENF) (FRANKFURT: AORLB8). Adira Energy Ltd. (“Adira” or the “Company”) is pleased to announce that further to its press release of June 23, 2012, Modiin Energy L.P (“Modiin Energy”), on behalf of the Gabriella License consortium, including Adira and Brownstone Energy, 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.

Jeffrey E. Walter, Chief Executive Officer of Adira Energy stated: “Another major milestone has been delivered to Adira’s shareholders with the signing of the Homer Farrington rig contract. This will enable us to drill the highly anticipated Gabriella License which is Adira’s core asset. With over 110 million barrels of contingent oil resources, this project is important to Adira as well as a fundamental key in moving forward on the oil potential 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. Adira holds a 15% Working Interest in the Gabriella License plus a 15% back-in option from Modin Energy, to be exercised within six months of discovery, at cost. In addition, Adira is entitled to receive: (a) 4.25% of the 7.5% management fees payable by Modiin Energy to its general partner; and (b) a royalty in the aggregate amount of 4.5% (2.25% from each of Modiin Energy and its general partner) from any resources extracted from the Gabriella License until Modiin Energy recovers the pro rata exploration expenditures incurred by it on behalf of the Company, after which time the royalty increases to an aggregate of 10.5% (5.25% from each of Modiin Energy and its general partner). The Company is the designated Operator and has the right to match the terms of alternative Operators, if proposed. 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 Adira Energy Ltd.

Adira Energy Ltd. is an oil and gas company which is focused in the eastern Mediterranean. The Company has three petroleum exploration licenses offshore Israel; the Gabriella, Yitzhak and Samuel Licenses. These licenses are located respectively 10 km offshore between Netanya and Ashdod, 9 km offshore between Hadera and Netanya and adjacent to the coast between Ashkelon and Bat-Yam.

Forward-Looking Statement Disclaimer

This press release includes certain statements that may be deemed “forward-looking statements”. All statements in this press release, other than statements of historical facts are forward-looking statements. Although the Company believes the expectations expressed in such forward-looking statements are based on reasonable assumptions, such statements are not guarantees of future performance, and actual results or developments may differ materially from those in the forward-looking statements. Forward-looking statements are based on the Company’s internal projections, estimated or beliefs, concerning, among other things an outlook on the estimated amounts and timing of exploration work and capital expenditures or other expectation, beliefs, plans, objectives, assumption, intentions or statements about future events or performance, which are considered by management to be reasonable at the time made. Actual events or results may differ materially. Although the Company believes that the expectations reflected in the statements are reasonable, it cannot guarantee future results since such results are inherently subject to significant business, economic, corporate, political and social uncertainties and contingencies. Many factors cause the Company’s actual results to differ materially from those expressed or implied in any forward looking statements made by, or on behalf of, the Company and the foregoing stated factors are not exhaustive. The statements contained herein are made as of the date hereof and the Company disclaims any intent or obligation to update publicly any forward looking statements, whether as a result of new information, future events or results or otherwise, except as required by applicable law. Company shareholders and potential investors should carefully consider the information contained in the Company’s filing with Canadian securities administrators at www.sedar.com before making investment decisions with regard to the Company.

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