NOTICE OF ANNUAL AND SPECIAL GENERAL MEETING AND MANAGEMENT INFORMATION CIRCULAR

October 14, 2011

BROWNSTONE ENERGY INC.
Suite 2500
130 King Street West
Toronto, ON M5X 1A9

NOTICE OF ANNUAL AND SPECIAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 2011 Annual and Special General Meeting of shareholders (the "**Meeting**") of Brownstone Energy Inc. (the "**Company**") will be held at Suite 1750, 1185 West Georgia Street, Vancouver, British Columbia, V6E 4E6, on Friday, November 25, 2011 at 10:00 a.m. (Vancouver time) for the following purposes:

1. to receive the financial statements of the Company for its fiscal year ended June 30, 2011 and the report of the auditors thereon;

2. to appoint Ernst & Young LLP, Chartered Accountants, as auditors of the Company, and to authorize the directors to fix their remuneration;

3. to set the number of directors and to elect directors;

4. to consider and, if thought fit, pass a special resolution (the "**Continuance Resolution**") approving the continuance of the Company under the *Business Corporations Act* (Canada), as more fully described in the management information circular of the Company dated October 14, 2011 in respect of the Meeting, which accompanies this notice of meeting (the "**Circular**");

5. to consider and, if thought fit, pass an ordinary resolution (the "**Plan Resolution**") re-approving the Company's stock option plan, as more fully described in the Circular; and

6. to transact such other business as may properly come before the Meeting.

The Circular (which includes the full text of the Continuance Resolution and the Plan Resolution), the audited financial statements of the Company for the year ended June 30, 2011, together with the auditors' report thereon and management's discussion and analysis of the Company in respect thereof, and a form of proxy accompany this notice of meeting.

The *Business Corporations Act* (British Columbia) (the "**Act**") provides that a registered shareholder of the Company who properly dissents from the Continuance Resolution is entitled to be paid the fair value of the shareholder's common shares of the Company in accordance with Division 2 of Part 8 of the Act (if the Continuance is completed). This right is described in detail in the Circular under the heading "Rights of Dissent". **Failure to strictly comply with the requirements of Division 2 of Part 8 of the Act may result in the loss of any right of dissent.**

Shareholders who are entitled to vote at the Meeting, but who do not expect to be present at the Meeting, are encouraged to complete, sign and return the enclosed form of proxy, to Computershare Investor Services Inc., our transfer agent, no later than 10:00 a.m. (Pacific Time) on Wednesday, November 23, 2011, either by using the envelope provided or by faxing it to them at 1-866-249-7775.

DATED this 14th day of October, 2011

BY ORDER OF THE BOARD OF DIRECTORS

"Sheldon Inwentash"
Chief Executive Officer

BROWNSTONE ENERGY INC.

MANAGEMENT INFORMATION CIRCULAR

SOLICITATION OF PROXIES

This management information circular (the "Information Circular") is furnished in connection with the solicitation of proxies by or on behalf of the management of Brownstone Energy Inc. (the "Company", "Brownstone", "we" or "us") for use at the annual and special general meeting (the "Meeting") of the shareholders of the Company (the "Shareholders") to be held at the time and place and for the purposes set out in the accompanying Notice of Meeting. Although it is expected that the solicitation of proxies will be primarily by mail, proxies may also be solicited personally or by telephone by directors or officers of the Company. Arrangements will also be made with clearing agencies, brokerage houses and other financial intermediaries to forward proxy solicitation material to the beneficial owners of common shares of the Company pursuant to the requirements of National Instrument 54-101 - *Communication with Beneficial Owners of Securities of a Reporting Issuer*. The cost of any such solicitation will be borne by the Company.

Unless otherwise stated, the information contained in this Information Circular is given as at October 3, 2011.

APPOINTMENT AND REVOCABILITY OF PROXY

The persons named in the enclosed form of proxy are officers and/or directors of the Company. **A SHAREHOLDER DESIRING TO APPOINT SOME OTHER PERSON TO REPRESENT THE SHAREHOLDER AT THE MEETING MAY DO SO** either by inserting such person's name in the blank space provided in that form of proxy or by completing another proper form of proxy and, in either case, depositing the completed proxy at the office of the registrar and transfer agent of the Company, Computershare Investor Services Inc. "**Computershare**"), Suite 300, 510 Burrard Street, Vancouver, B.C., V6C 3B9 (the number to fax proxies is 1-866-249-7775), not later than 48 hours, excluding Saturdays, Sundays and holidays, preceding the Meeting or any adjournment of the Meeting at which the proxy is to be used.

In addition to revocation in any other manner permitted by law, a Shareholder who has given a proxy may revoke it as to any matter upon which a vote has not already been cast pursuant to the authority conferred by the proxy. A Shareholder may revoke a proxy by depositing an instrument in writing, executed by him or her or his or her attorney authorized in writing:

1. at the offices of Computershare in the manner noted above, at any time, not less than 48 hours, excluding Saturdays, Sundays and holidays, preceding the Meeting or any adjournment of the Meeting at which the proxy is to be used;

2. at the registered office of the Company, Suite 1750, 1185 West Georgia Street, Vancouver, British Columbia, V6E 4E6, at any time up to and including the last business day preceding the day of the Meeting at which the proxy is to be used; or

3. with the chairman of the Meeting on the day of the Meeting or any adjournment of the Meeting.

In addition, a proxy may be revoked by the Shareholder personally attending the Meeting and voting the Shareholder's shares.

BENEFICIAL HOLDERS

Only registered shareholders or duly appointed proxyholders are permitted to vote at the Meeting. Most shareholders of the Company are "non-registered" or "beneficial" shareholders because the shares they own are not registered in their names, but are instead registered in the name of the brokerage firm, bank or trust company through which they purchased the shares. More particularly, a person is not a registered shareholder in respect of shares which are held on behalf of that person (the "Beneficial Holder") but which are registered either: (a) in the name of an intermediary (an "Intermediary") that the Beneficial Holder deals with in respect of the shares (Intermediaries include, among others, banks, trust companies, securities dealers or brokers and trustees or administrators of self-administered RRSP's, RRIF's, RESP's and similar plans); or (b) in the name of a clearing agency (such as The Canadian Depository for Securities Limited ("CDS")) of which the Intermediary is a participant. In accordance with the requirements of National Instrument 54-101 of the Canadian Securities Administrators, the Company has distributed copies of the Notice of Meeting, this Information Circular and the Proxy (collectively, the "Meeting Materials") to the clearing agencies and Intermediaries for onward distribution to Beneficial Holders.

Intermediaries are required to forward the Meeting Materials to Beneficial Holders unless a Beneficial Holder has waived the right to receive them. Very often, Intermediaries will use service companies to forward the Meeting Materials to Beneficial Holders. Generally, Beneficial Holders who have not waived the right to receive Meeting Materials will either:

(a) be given a form of proxy **which has already been signed by the Intermediary** (typically by a facsimile, stamped signature), which is restricted as to the number of shares beneficially owned by the Beneficial Holder but which is otherwise not completed. Because the Intermediary has already signed the form of proxy, this form of proxy is not required to be signed by the Beneficial Holder when submitting the proxy. In this case, the Beneficial Holder who wishes to submit a proxy should otherwise properly complete the form of proxy and **deposit it with the Company's transfer agent as provided above; or**

(b) more typically, be given a voting instruction form **which is not signed by the Intermediary,** and which, when properly completed and signed by the Beneficial Holder and **returned to the Intermediary or its service company,** will constitute voting instructions (often called a "proxy authorization form") which the Intermediary must follow. Typically, the proxy authorization form will consist of a one page pre-printed form. Sometimes, instead of the one page pre-printed form, the proxy authorization form will consist of a regular printed proxy form accompanied by a page of instructions which contains a removable label containing a bar-code and other information. In order for the form of proxy to validly constitute a proxy authorization form, the Beneficial Holder must remove the label from the instructions and affix it to the form of proxy, properly complete and sign the form of proxy and return it to the Intermediary or its service company in accordance with the instructions of the Intermediary or its service company.

In either case, the purpose of this procedure is to permit Beneficial Holders to direct the voting of the shares which they beneficially own. Should a Beneficial Holder who receives one of the above forms wish to vote at the Meeting in person, the Beneficial Holder should strike out the names of the Management Proxyholders named in the form and insert the Beneficial Holder's name in the blank space provided. **In either case, Beneficial Holders should carefully follow the instructions of their Intermediary, including those regarding when and where the proxy or proxy authorization form is to be delivered.**

VOTING OF PROXIES

Common shares represented by properly executed proxies **WILL BE VOTED OR WITHHELD FROM VOTING IN ACCORDANCE WITH THE INSTRUCTIONS OF THE SHAREHOLDER ON ANY BALLOT THAT MAY BE CALLED FOR AND IF THE SHAREHOLDER SPECIFIES A CHOICE WITH RESPECT TO ANY MATTERS TO BE ACTED UPON, THE SHARES WILL BE VOTED ACCORDINGLY**. Where there is no choice specified, shares represented by properly executed proxies in favour of persons designated in the printed portion of the enclosed form of proxy **WILL BE VOTED FOR EACH OF THE MATTERS TO BE VOTED ON BY SHAREHOLDERS AS DESCRIBED IN THIS INFORMATION CIRCULAR.** The enclosed form of proxy confers discretionary authority upon the persons named therein with respect to amendments or variations to matters identified in the notice of Meeting, or other matters which may properly come before the Meeting. At the time of printing this Information Circular the management of the Corporation knows of no such amendments, variations or other matters to come before the Meeting. However, if any other matters which at present are not known to management of the Corporation should properly come before the Meeting, the proxy will be voted on such matters in accordance with the best judgment of the named proxies.

INTEREST OF CERTAIN PERSONS OR COMPANIES IN MATTERS TO BE ACTED UPON

No director or executive officer of the Company, no person who has been a director or executive officer of the Company since the commencement of the Company's last completed financial year, and no associate or affiliate of any of the foregoing persons has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted upon at the Meeting, except to the extent that directors and executive officers of the Company are participants in and receive stock options granted under the Company's stock option plan, which is subject to re-approval at the Meeting.

VOTING SECURITIES AND PRINCIPAL HOLDERS THEREOF

The Company is authorized to issue an unlimited number of common shares, without nominal or par value, of which as at October 14, 2011, 129,794,289 common shares are issued and outstanding.

The holders of common shares of record at the close of business on the record date, set by the directors of the Company to be October 24, 2011, are entitled to vote such common shares at the Meeting on the basis of one vote for each common share held.

The Articles of the Company provide that a quorum for the transaction of business at the Meeting is two persons who are, or who represent by proxy, shareholders who, in the aggregate, hold at least 5% of the outstanding common shares entitled to be voted at the Meeting.

To the knowledge of the directors and senior officers of the Company, no person or company beneficially owns, directly or indirectly, or exercises control or direction over, voting securities carrying more than 10% of the outstanding voting rights of the Company other than:

Name of Shareholder	Number of Common Shares	% of Common Shares Outstanding
Sheldon Inwentash	16,024,995[1]	12.22%

[1] Includes 11,722,720 common shares beneficially owned by Pinetree Capital Ltd. over which Mr. Inwentash, in his capacity as the Chief Executive Officer of Pinetree Capital Ltd., exercises control or direction.

PARTICULARS OF MATTERS TO BE ACTED UPON

TO THE KNOWLEDGE OF THE COMPANY'S DIRECTORS, THE ONLY MATTERS TO BE PLACED BEFORE THE MEETING ARE THOSE REFERRED TO IN THE NOTICE OF MEETING ACCOMPANYING THIS INFORMATION CIRCULAR. HOWEVER, SHOULD ANY OTHER MATTERS PROPERLY COME BEFORE THE MEETING, THE SHARES REPRESENTED BY THE PROXY SOLICITED HEREBY WILL BE VOTED ON SUCH MATTERS IN ACCORDANCE WITH THE BEST JUDGMENT OF THE PERSONS VOTING THE SHARES REPRESENTED BY THE PROXY.

Additional detail regarding each of the matters to be acted upon at the Meeting is set forth below.

I. Financial Statements

The audited financial statements of the company for the financial year ended June 30, 2011, together with the auditors' report thereon, will be placed before the shareholders at the Meeting.

II. Election of Directors

The board of directors of the Company (the "**Board**" or the "**Board of Directors**") currently consists of five (5) directors, all of whom are elected annually. The term of office for each of the present directors of the Company expires at the close of the Meeting. All of the current directors of the Company will be standing for re-election. It is proposed that the number of directors for the ensuing year be fixed at five (5), subject to such increases as may be permitted by the Articles of the Company. At the Meeting, the Shareholders will be asked to consider and, if thought fit, approve an ordinary resolution fixing the number of directors to be elected at the Meeting at five (5).

If the proposed continuance of the Company under the *Canada Business Corporations Act* is approved at the Meeting (see "Continuance under the Canada Business Corporations Act" below) and implemented by the Company, the Company's articles will provide that the Board may consist of a minimum of three (3) directors and a maximum of nine (9) directors, the exact number of which will be determined from time to time by the directors. The election of the directors at the Meeting will not be impacted by the continuance.

It is proposed that the persons named below will be nominated at the Meeting. Each director elected will hold office until the next annual general meeting of the Company or until his successor is duly elected or appointed pursuant to the Articles of the Company unless his office is earlier vacated in accordance with the provisions of the *Business Corporations Act* (British Columbia) or the Company's Articles (or the provisions of the *Business Corporations Act* (Canada) if the proposed continuance of the Company under the statute is approved by Shareholders at the Meeting and subsequently effected).

It is the intention of the management designees, if named as proxy, to vote for the election of the said persons to the Board of Directors, unless the Shareholder has specified in its proxy that its common shares are to be withheld from voting on the election of directors. Management does not contemplate that any of the nominees will be unable to serve as a director. In the event that prior to the Meeting any vacancies occur in the slate of nominees herein listed, it is intended that discretionary authority shall be exercised by the person named in the proxy as nominee to vote the shares represented by proxy for the election of any other person or persons as directors.

The following information relating to the nominees for election to the Board of Directors is based on information received by the Company from said nominees.

Name, Province/State, and Country of Residency	Director Since	Principal Occupation	Number of Shares Beneficially Owned, Controlled or Directed, directly or indirectly[1]
Sheldon Inwentash, C.A. Ontario, Canada	1988	Chairman and Chief Executive Officer, Pinetree Capital Ltd., a Toronto-based venture capital company	16,024,995
Steve Mintz[2] Ontario, Canada	2005	Chartered Accountant; President, St. Germain Capital Corp., a Toronto-based consulting company	173,500
Kevin O'Connor[2] Ontario, Canada	2010	Partner and co-founder, Spinnaker Capital Markets Inc., a capital markets advisory firm	10,000
Jonathan Schroeder Alberta, Canada	2010	President and Chief Operating Officer, Brownstone Energy Inc.	595,000
Michael Sweatman[2] British Columbia, Canada	1996	Chartered Accountant; President of MDS Management Ltd., a Vancouver-based management consulting company	136,750

(1) The information as to common shares beneficially owned or over which the nominees exercise control or direction has been provided by the respective directors individually.

(2) Member of the audit committee and the Compensation Committee (which was constituted subsequent to the end of the Company's 2011 fiscal year).

Cease Trade Orders, Bankruptcies, Penalties or Sanctions

No proposed director of the Company is, or within the 10 years prior to the date of this Information Circular, either:

(i) has been a director, chief executive officer or chief financial officer of any company that while that person was acting in that capacity:

(a) was the subject to a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days (any of such orders, an "Order");

(b) was subject to an Order that was issued after the proposed director ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer; or

(c) within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or

(ii) has individually, within the 10 years prior to this Information Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold his assets,

with the exception of the following:

(A) In October 2002, trading in the shares of Treat Systems Inc. ("Treat") was halted by the TSXV Venture Exchange for failure to meet the exchange's tier maintenance requirements under Policy 2.5 *Tier Maintenance Requirements and Inter-Tier Movement* and for having been designated as an inactive issuer for a period in excess of 18 months.

In August 2003, Treat's shares were listed for trading on the NEX board of the TSX Venture Exchange. In January 2008, Treat completed a "change of business" pursuant to the policies of the TSX Venture Exchange. The Company's name was changed to Mega Silver Inc. and its shares commenced trading on the TSX Venture Exchange on January 31, 2008. Mr. Sweatman has been a director of Treat (now known as Mega Precious Metals Inc.) since July 1998. Mr. Inwentash was a director of Treat from October 2001 until his resignation in January 2008 concurrently with the completion of the company's change of business.

(B) Trading of the securities of Glenthorne Enterprises Inc. was halted on April 15, 2009 by the TSX Venture Exchange pending clarification of the company's financial affairs. The securities resumed trading on May 28, 2009. Mr. Sweatman was at the time a director of the company.

III. Appointment of Auditors

Unless such authority is withheld, the persons named in the enclosed form of proxy intend to vote **FOR** the appointment of Ernst & Young LLP, Chartered Accountants, Toronto, Ontario, as auditors of Brownstone to hold office until the next annual meeting of shareholders, and to authorize the directors of Brownstone to fix the auditors' remuneration. Ernst & Young LLP were first appointed as the Company's auditors on November 26, 2009.

IV. Re-approval of Stock Option Plan

The Company established a new stock option plan in 2006 (the "**Stock Option Plan**"), which was approved by the shareholders at its annual and special meeting held that year. A copy of the Stock Option Plan is included in the Information Circular as Schedule "A" and the following summary of certain terms of the Stock Option Plan is qualified, in its entirety, by the full text of the plan.

The Stock Option Plan is a "rolling" plan pursuant to which up to 10% of the number of the Company's common shares outstanding from time to time may be issued upon exercise of options granted thereunder. As at October 3, 2011, an aggregate of 1,317,120 common shares had been issued under the Stock Option Plan and an aggregate of 8,425,080 common shares were issuable pursuant to outstanding options, representing 1% and 6.5%, respectively, of the total number of common shares outstanding as at that date. Additionally, options exercisable for an aggregate of 4,476,680 common shares under the Stock Option Plan expired unexercised or were cancelled pursuant to the terms of the Stock Option Plan (all of which common shares are again available for issuance under the Stock Option Plan). Accordingly, based upon the 129,794,289 common shares outstanding as at October 3, 2011, additional options exercisable for up to 4,554,348 common shares may be granted under the Stock Option Plan.

The Company's directors, officers, employees and certain other service providers are eligible to participate in the Stock Option Plan, subject to the rules and regulations of applicable regulatory authorities and any Canadian stock exchange upon which the common shares may be listed or may trade from time to time. The number of common shares reserved for issue to any one person pursuant to the Stock Option Plan may not exceed 5% of the issued and outstanding common shares at the date of grant. The exercise price of options granted may not be less than the market price of the common shares (determined based upon the closing price of the common shares on the trading day prior to the date of grant, subject to certain exceptions) less any allowable discounts at the time the option is granted. Options granted under the Stock Option Plan may not have a term exceeding five years.

During the fiscal year ended June 30, 2011, the Stock Option Plan was amended to outline certain procedures which Brownstone may implement (and which the holders of options would be required to

comply with) in order to comply with withholding tax obligations recently imposed by Canada Revenue Agency on employers in the event of stock option exercises by employees. In accordance with the terms of the Stock Option Plan and the policies of the TSX Venture Exchange, the amendments were not subject to the approval of Brownstone's shareholders.

Under the policies of the TSX Venture Exchange, "rolling" stock option plans must be re-approved by shareholders annually (and by the TSX Venture Exchange). Accordingly, at the Meeting, shareholders will be asked to consider, and if thought fit, approve a resolution (the "**Plan Resolution**") substantially in the form of the resolution set forth below approving the Stock Option Plan:

"RESOLVED THAT:

1. the Stock Option Plan of Brownstone Energy Inc. (the "Company"), a copy of which is attached as Schedule "A" to the management information circular dated October 14, 2011 of the Company in respect of its annual and special meeting of shareholders to be held on November 25, 2011, is hereby approved; and

2. any director or officer of the Company is hereby authorized and directed to do all such things and execute, for and on behalf of the Company, all such documents and other instruments as may be necessary or desirable in order to give effect the foregoing resolutions."

The Plan Resolution must be approved by a majority of the votes cast by the holders of Common Shares present in person or represented by proxy at the Meeting. If the Plan Resolution is not so approved, the Stock Option Plan will be terminated.

V. Continuance Under the Canada Business Corporations Act

Reasons for Continuance

Brownstone is currently governed by the *Business Corporations Act* (British Columbia) (the "**BC Act**") and has been governed by it (or its predecessors) since its incorporation in 1987. The Company's business and operations have evolved significantly since incorporation, however, to the point where Brownstone no longer has a nexus to British Columbia. The corporate law regime in British Columbia also differs in certain respects from most of the other Canadian provincial and federal corporate legislation. Consequently, for matters of efficiency and practicality, it is preferable at this time to continue the Company (the "**Continuance**") under the Business Corporations Act (Canada) (the "**CBCA**") so that it will be governed by the CBCA and will no longer be subject to the provisions of the BC Act. As described in greater detail below, the Continuance is subject to the approval of Shareholders at the Meeting, in addition to certain regulatory approvals.

Continuance Process

If the Continuance is approved at the Meeting, as soon as practicable thereafter, and subject to the discretion of the Board to decide otherwise, the Company will seek the authorization of the Registrar of Companies under the BC Act to apply to the Director under the CBCA to be continued under the CBCA. The Registrar can allow Brownstone to continue out of British Columbia upon receipt of an application from the company which confirms that the CBCA provides that, among other things, upon continuance, the property of the Company before continuance will continue to be the property of the Company and Brownstone will continue to be liable for its pre-continuance obligations. The Registrar must authorize Brownstone to continue under the CBCA if the Registrar is satisfied that the Company has filed with the Registrar all of the records that the Company is required to file under the BC Act.

As soon as practicable following authorization of the Continuance by the Registrar, and subject to the discretion of the Board to decide otherwise), Brownstone will apply to the Director under the CBCA for a certificate of continuance by filing articles of continuance and related documents with the Director. The Continuance will take effect on the date indicated in the certificate of continuance, upon which Brownstone will become a CBCA corporation and the articles of continuance will be deemed to be the Company's articles of incorporation.

Articles of Continuance

The articles of continuance to be filed to effect the Continuance will be substantially in the form set out in Appendix 1 of Schedule "B" to this Information Circular and will provide that the number of directors of Brownstone will be a minimum of 3 directors and a maximum of 9 directors, with the actual number of directors of the Company and the number of directors to be elected by the shareholders at the Company's annual meeting to be determined from time to time by the directors, within the minimum and maximum numbers. In accordance with the provisions of the CBCA, the articles will also permit the directors to appoint one or more additional directors in between annual meetings to hold office for a term expiring no later than the close of the next annual meeting, provided such number of additional directors so appointed does not exceed one-third of the number of directors elected by shareholders at the previous annual meeting. The authorized share capital of the Company will continue to be an unlimited number of common shares.

Effect of Continuance

The Continuance will not create a new legal entity, affect the continuity of the Company or result in a change in its business. Implementing the Continuance will not alter the ownership of the Company's property or its liability for its obligations. The persons elected as directors by the Shareholders at the Meeting will continue to constitute the board upon the Continuance becoming effective.

Certain differences between the CBCA and the BC Act

There are a number of notable differences between the CBCA and the BC Act. The following is brief summary of certain of the differences which management considers material. The summary is not intended to exhaustive and shareholders should consult their legal advisors regarding any implications of the Continuance which may be of particular importance to them.

Board of Directors

Under the BC Act, there is no restriction on the residency of directors. Under the CBCA, at least one-quarter or the directors must be resident Canadians.

Shareholder Proposals

Both statutes provide for shareholder proposals. Under the CBCA, a registered or beneficial holder of shares entitled to be voted at a meeting may submit a proposal, although the registered or beneficial shareholder must either: (i) have owned for six months not less than 1% of the total number of voting shares or voting shares with a fair market value of at $2,000; or (ii) have the support of persons who have owned for six months not less than 1% of the total number of voting shares or voting shares with a fair market value of at least $2,000. Under the BC Act, in order for a shareholder to be entitled to submit a proposal it must have been the owner of the voting shares for an uninterrupted period of at least two years before the date of signing the proposal.

Comparison of Rights of Dissent and Appraisal

Both statutes contain similar dissent rights for shareholders who dissent to certain actions taken by the Company, requiring the company to purchase shares held by such shareholder at the fair value of such shares upon the due exercise of such dissent rights. The procedures for exercise of the dissent remedies are different. See "Rights of Dissenting Shareholders" and Schedule D to the Information Circular.

Oppression Remedies

An oppression remedy allows a shareholder to apply to a court if the company is being run in a manner which is oppressive or unfairly prejudicial to the interests of that shareholder. If the court finds that oppression exists, it can grant a variety of remedies, ranging from an order restraining the conduct complained of to an order requiring the company to repurchase the shareholder's shares or an order liquidating the company. While the BCBCA will allow a court to grant relief where a prejudicial effect to the shareholder is merely threatened, the CBCA will only allow a court to grant relief if the effect actually exists (i.e. it must be more than merely threatened). Other than this distinction, the oppression remedies in the two statutes are relatively similar.

Shareholder Derivative Actions

Under the BCBCA, a shareholder or director of a company, or any other person whom the court considers to be an appropriate person to make an application may, with leave of the court, bring an action in the name and on behalf of the company to enforce a right, duty or obligation owed to the company that could be enforced by the company itself or to obtain damages for any breach of such a right, duty or obligation. In the CBCA this right extends to a registered shareholder, former registered shareholder, beneficial owner of shares, former beneficial owner of shares, director, former director, officer and a former officer of a corporation or any of its affiliates, and any person who, in the discretion of the court, is a proper person to make an application to court to bring a derivative action. In addition, the CBCA permits derivative actions to be commenced in the name and on behalf of a corporation or any of its subsidiaries. No leave may be granted unless the court is satisfied that: (a) the complainant has given at least 14 days' notice to the directors of the corporation or its subsidiary of the complainant's intention to apply to the court if the directors of the corporation or its subsidiary do not bring, diligently prosecute, defend or discontinue the action; (b) the complainant is acting in good faith; and (c) it appears to be in the interests of the corporation or its subsidiary that the action be brought, prosecuted, defended or discontinued.

Place of Meetings

Subject to certain exceptions, the CBCA provides that meetings of shareholders shall be held at the place within Canada provided in the by-laws or, in the absence of such provision, at the place within Canada that the directors determine. A meeting may be held outside Canada if the place is specified in the articles or all the shareholders entitled to vote at the meeting agree that the meeting is to be held at that place. Under the BC Act, general meetings of shareholders are to be held in British Columbia, or may be held at a location outside of British Columbia if: (a) the location is provided for in the articles; (b) the articles do not restrict the company from approving a location outside of British Columbia, the location is approved by the resolution required by the articles for that purpose (in the case of the company, may be approved by directors' resolution), or if no resolution is specified then approved by ordinary resolution before the meeting is held; or (c) the location is approved in writing by the Registrar of Companies before the meeting is held.

Constitutional Jurisdiction

Other significant differences in the statutes arise from the differences in the constitutional jurisdiction of the federal and provincial governments. For example, a CBCA corporation has the capacity to carry on business throughout Canada as of right. A BC Act company is only allowed to carry on business in another province where that other province allows it to register to do so. A CBCA corporation is subject to provincial laws of general application, but a province cannot pass laws directed specifically at restricting a CBCA corporation's ability to carry on business in that province. If another province so chooses, however, it can restrict a BC Act company's ability to carry on business within that province. Also, a CBCA corporation will not have to change its name if it wants to do business in a province where there is already a corporation with a similar name, whereas, a BC Act company may not be allowed to use its name in that other province.

Approvals

At the Meeting, shareholders will be asked to consider and, if thought fit, pass a special resolution approving the Continuance (the "**Continuance Resolution**"), substantially in the form of the special resolution set forth in Schedule "B" to this Information Circular. The Continuance Resolution also authorizes the directors to not proceed with the Continuance at any time prior to the issuance of the certificate of continuance by the Director under the CBCA, without further action on the part of the Shareholders.

In accordance with the provisions of the BC Act, the Continuance must be approved by not less than two-thirds of the votes cast in respect of the Continuance Resolution by holders of Brownstone's common shares, present in person or by proxy at the Meeting. The Continuance is also subject to acceptance by the TSX Venture Exchange.

Shareholders have the right to dissent from the Continuance Resolution. See "Rights of Dissent" in the section that follows for details of this dissent right.

The board of directors of Brownstone believes that the Continuance is in the best interest of the Company and, accordingly, recommends that Shareholders vote in favour of approving the Continuance. **Unless otherwise instructed, the persons named in the form of proxy enclosed with this Information Circular intend to vote FOR the approval of the Continuance.**

Rights of Dissent

Division 2 of Part 8 of the BC Act (the "**Dissent Provisions**") provides a registered Shareholder with a right to dissent from the Continuance Resolution ("**Dissent Rights**"). A registered Shareholder who validly exercises the Dissent Rights, in accordance with the Dissent Provisions, will be entitled, if the Continuance is completed, to be paid the payout value of the dissenting Shareholder's common shares determined in accordance with the Dissent Provisions.

The following is only a summary of the dissent rights applicable to the Continuance under the Dissent Provisions, which are technical and complex. The summary is not a comprehensive statement of the procedures to be followed by a Shareholder who seeks to exercise the Dissent Rights and is qualified in its entirety by reference to the complete text of the Dissent Provisions, which is attached to this Information Circular as Schedule "C". **A registered Shareholder who intends to exercise dissent rights in respect of the Continuance Resolution should carefully review, consider and comply with the Dissent Provisions and it is suggested that any Shareholder wishing to avail themselves of the Dissent Rights seek legal advice as failure to comply strictly with the Dissent Provisions may prejudice the availability of the Dissent Rights. Additionally, persons who are beneficial owners of Brownstone's common shares registered in the name of a broker, custodian, nominee or other**

intermediary, or in some other name, should contact the registered holder of the shares for assistance in exercising the Dissent Rights.

A Shareholder who wishes to exercise the Dissent Rights must give written notice of dissent (a "**Dissent Notice**") to the Company by depositing the Dissent Notice with the Company, or by mailing it to the Company by registered mail at its head office at 130 King Street West, Suite 2500, Toronto, ON, Canada M5X 1A9, marked to the attention of the General Counsel not later than two days before the Meeting. A Shareholder who wishes to exercise the Dissent Rights must prepare a separate Dissent Notice for (i) the Shareholder, if the Shareholder is dissenting on its own behalf and (ii) each person who beneficially owns common shares in the Shareholder's name and on whose behalf the Shareholder is dissenting. To be valid, a Dissent Notice must:

(a) identify in each Dissent Notice the person on whose behalf dissent is being exercised;

(b) set out the number of common shares in respect of which the Shareholder is exercising the Dissent Rights (the "**Notice Shares**"), which number cannot be less than all of the common shares held by the beneficial holder on whose behalf the Dissent Rights is being exercised;

(c) if the Notice Shares constitute all of the common shares of which the dissenting Shareholder is both the registered owner and beneficial owner and the dissenting shareholder owns no other common shares as beneficial owner, a statement to that effect;

(d) if the Notice Shares constitute all of the common shares of which the dissenting Shareholder is both the registered and beneficial owner but the dissenting Shareholder owns other common shares as beneficial owner, a statement to that effect; and (i) the names of the registered owners of those other common shares, (ii) the number of those other common shares that are held by each of those registered owners, and (iii) a statement that Notices of Dissent are being or have been sent in respect of all those other common shares; and

(e) if dissent is being exercised by the dissenting shareholder on behalf of a beneficial owner who is not the dissenting Shareholder, a statement to that effect, and (i) the name and address of the beneficial owner, and (ii) a statement that the dissenting Shareholder is dissenting in relation to all of the shares beneficially owned by the beneficial owner that are registered in the dissenting Shareholder's name.

The giving of a Dissent Notice does not deprive a dissenting Shareholder of the Shareholder's right to vote at the Meeting, however, a Shareholder is not entitled to exercise the Dissent Rights with respect to any common shares if the Shareholder votes (or instructs or is deemed, by submission of any incomplete proxy, to have instructed the Shareholder's proxyholder to vote) in favour of the Continuance Resolution. A vote against the Continuance Resolution or the execution or exercise of a proxy does not constitute a Dissent Notice. A dissenting Shareholder, however, may vote as a proxy for a shareholder whose proxy required an affirmative vote, without affecting the Shareholder's right to exercise the Dissent Rights. If the Company intends to act on the authority of the Continuance Resolution, it must send a notice (the "**Notice to Proceed**") to the dissenting Shareholder promptly after the later of:

(a) the date on which the Company forms the intention to proceed with the Continuance, and

(b) the date on which the Dissent Notice was received.

If the Company has acted on the Continuance Resolution it must promptly send a Notice to Proceed to the dissenting Shareholder. The Notice to Proceed must be dated not earlier than the date on which it is sent and state that the Company intends to act or has acted on the authority of the Continuance Resolution and

advise the dissenting Shareholder of the manner in which dissent is to be completed. On receiving a Notice to Proceed, the dissenting shareholder is entitled to require the Company to purchase all of the common shares in respect of which the Dissent Notice was given.

A dissenting Shareholder who receives a Notice to Proceed, and who wishes to proceed with the dissent, must send to the Company or to the transfer agent for the Notice Shares within one month after the date of the Notice to Proceed:

(a) a written statement that the dissenting Shareholder requires the Company to purchase all of the Notice Shares;

(b) the certificates representing the Notice Shares; and

(c) if dissent is being exercised by the Shareholder on behalf of a beneficial owner who is not the dissenting Shareholder, a written statement signed by the beneficial owner setting out whether the beneficial owner is the beneficial owner of other common shares of the Company and if so, setting out: (i) the names of the registered owners of those other common shares; (ii) the number of those other share that are held by each of those registered owners; and (iii) that dissent is being exercised in respect of all of those other common shares, whereupon the Company is bound to purchase them in accordance with the Dissent Notice.

The Company and the dissenting Shareholder may agree on the amount of the payout value of the Notice Shares and in that event, the Company must either promptly pay that amount to the dissenting Shareholder or send a notice to the dissenting Shareholder that the Company is unable lawfully to pay dissenting Shareholders for their common shares as the Company is insolvent or if the payment would render the Company insolvent. If the Company and the dissenting Shareholder do not agree on the amount of the payout value of the Notice Shares, the dissenting Shareholder or the Company may apply to the court and the court may:

(a) determine the payout value of the Notice Shares or order that the payout value of the Notice Shares be established by arbitration or by reference to the registrar or a referee of the court;

(b) join in the application each dissenting shareholder who has not agreed with the Company on the amount of the payout value of the Notice Shares; and

(c) make consequential orders and give directions it considers appropriate.

Promptly after a determination of the payout value of the Notice Shares has been made, the Company must either pay that amount to the dissenting Shareholder or send a notice to the dissenting Shareholder that the Company is unable lawfully to pay dissenting Shareholders for their common shares as the Company is insolvent or if the payment would render the Company insolvent. If the dissenting Shareholder receives a notice that the Company is unable to lawfully pay dissenting Shareholders for their shares, the dissenting Shareholder may, within 30 days after receipt, withdraw the Shareholder's Dissent Notice. If the Dissent Notice is not withdrawn, the dissenting Shareholder remains a claimant against the Company to be paid as soon as the Company is lawfully able to do so or, in a liquidation to be ranked subordinate to the rights of creditors of the Company but in priority to its Shareholders.

Any notice required to be given by the Company or a dissenting Shareholder to the other in connection with the exercise of the Dissent Rights will be deemed to have been given and received, if delivered, on the day of delivery, or, if mailed, on the earlier of the date of receipt and the second business day after the day of mailing, or, if sent by telecopier or other similar form of transmission, the first business day after the date of transmittal.

A dissenting Shareholder who:

(a) properly exercises the Dissent Rights by strictly complying with all of the Dissent Provisions required to be complied with by a dissenting Shareholder, will cease to have any rights as a Shareholder other than the right to be paid the fair value of the common shares by the Company in accordance with the Dissent Provisions, or

(b) seeks to exercise the Dissent Rights, but who for any reason does not properly comply with each of the Dissent Provisions required to be complied with by a dissenting Shareholder loses such right to dissent.

A dissenting Shareholder may not withdraw a Dissent Notice without the consent of the Company. A dissenting shareholder may, with the written consent of the Company, at any time prior to the payment to the dissenting Shareholder of the full amount of money to which the dissenting Shareholder is entitled, abandon such dissenting Shareholder's dissent to the Continuance by giving written notice to the Company, withdrawing the Dissent Notice, by depositing such notice with the Company, or mailing it to the Company by registered mail, at its head office at 130 King Street West, Suite 2500, Toronto, ON, Canada M5X 1A9, marked to the attention of the General Counsel.

Shareholders who wish to exercise their Dissent Rights should carefully review the Dissent Provisions attached to this Information Circular as Schedule "C" and seek independent legal advice, as failure to adhere strictly to the Dissent Rights requirements may result in the loss of any right to dissent.

EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

Brownstone's executive compensation structure is designed to encourage and motivate executives to achieve high levels of performance, both individually and for the Company, particularly over the medium-to-long term. An executive's overall compensation package in any given year will reflect the functions being performed, and the executive's overall contribution to the organization, capacity to improve the Company's performance, and ability to create (or help to create) value for the benefit of the Company's shareholders.

An executive's compensation may be comprised of three principal components: base salary, annual or periodic cash bonuses and stock options. Base salary and cash bonus components motivate executives in the short-to-medium term, while stock option grants align their interests with those of Brownstone's shareholders and assist in keeping the Corporation competitive in the market for high quality executives.

Each component of an executive's compensation is typically determined with an overall view to the individual's total compensation package.

Except as otherwise described below, there are no specific performance goals used in determining the compensation of executive officers. As a junior exploration and development company, without a reoccurring revenue (until recently) or profit base, executive compensation is not tied to quantitative measures of the Company's performance. Compensation may, however, be tied to certain qualitative measures of performance. For example, an executive's contribution toward the achievement of certain strategic objectives (e.g., meeting operational targets or completing acquisitions or financings) may be considered for the purposes of determining an entitlement to (and quantum of) a cash bonus and/or option grant. The same may also be a factor in determining salary increases.

Disclosed elsewhere in this section of the Information Circular are details concerning the compensation paid to the Brownstone's "Named Executive Officers". The Named Executive Officers are the Company's Chief Executive Officer, Chief Financial Officer and its three highest paid individuals, other than the Chief Executive Officer and Chief Financial Officer, whose total compensation for the fiscal 2011 year was greater than $150,000, as calculated in accordance with the requirements of National Instrument 51-102 – *Continuous Disclosure Obligations* ("**NI 51-102**"). The Named Executive Officers for 2011 are: Sheldon Inwentash, Chief Executive Officer; Gerry Feldman, Chief Financial Officer, Jonathan Schroeder, President and Chief Operating Officer and Richard Patricio, Vice President, Legal and Corporation Affairs.

Salary

Amounts paid to an executive officer as base salary, including merit salary increases, are determined by reference to the individual's performance and the nature of the Company's business and its performance. Reference may also be made to salaries prevailing in the marketplace for comparable positions, though the Company has not formally identified a peer group of companies for comparative purposes. Certain of the Named Executive Officers provide their services in similar capacities to other reporting issuers in addition to Brownstone and, accordingly, base salaries for these individuals are generally lower than what they would be for comparable full-time positions with other junior oil and gas companies.

There were no material changes to the base compensation of the Named Executive Officers in 2011, except for the following:

Effective August 15, 2010, the monthly fee payable to Gerry Feldman, the Company's Chief Financial Officer, was reduced from $28,000 to $12,083 in view of his appointment as the chief financial officer of two other public companies. This portion of his compensation was determined through discussions between him and the Chief Executive Officer.

The base annual salary of Jonathan Shroeder, the Company's President and Chief Operating Officer, was increased to $150,000 (from $120,000), effective March 1, 2011, and to $200,000, effective April 1, 2011, as a result of negotiations between him and the Chief Executive Officer, in view of his responsibilities and the growth in Brownstone's operations.

Bonus

Brownstone's cash bonus awards are designed to reward an executive for the direct contribution which the executive can make to the Company.

With the exception of the Chief Executive Officer, whose annual bonus entitlement is determined by a formula (discussed below), the Named Executive Officers receive discretionary cash bonuses from time to time as determined by the Chief Executive Officer.

Pursuant to his consulting agreement with Brownstone, Sheldon Inwentash is entitled to receive an annual cash bonus equal to 10% of the Company's realized pre-tax profit. Based upon this formula, no contractual cash bonus was payable to him for the 2011 fiscal year, however, he received a discretionary bonus as described below.

Cash bonuses were paid to the Named Executive Officers for 2011 as follows: Sheldon Inwentash received $200,000; Gerry Feldman received $125,000; and Jonathan Schroeder received $150,000. The bonuses were determined by the Chief Executive Officer as a result of the efforts of the individuals in respect of the $28 million financing completed by Brownstone in March 2011. The bonuses were approved by the audit committee.

Option-Based Awards

Options are granted pursuant to the Stock Option Plan. The Stock Option Plan is administered by the Board of Directors, which has the authority to amend the plan and the terms of outstanding options, subject to applicable regulatory and shareholder approvals.

Generally, the Chief Executive Officer proposes option grants for executive officers which are then submitted to the Board for its consideration and approval. When considering an award of options to an executive officer, consideration of the number of options previously granted to the executive may be taken into account.

Options granted to all of the Named Executive Officers during the fiscal 2011 year are disclosed in the Summary Compensation Table that follows.

Summary Compensation Table

The following table sets forth the total compensation paid or payable by the Company, for its fiscal years ended June 30, 2011, 2010 and 2009, to its Chief Executive Officer, Chief Financial Officer and its three most highly compensated executive officers (other than the Chief Executive Officer and Chief Financial Officer) or other individuals whose total compensation exceeded $150,000 during the 2011 fiscal year (collectively, the "**Named Executive Officers**"), as calculated in accordance with the requirements of National Instrument 51-102 – *Continuous Disclosure Obligations* ("**NI 51-102**").

Name and Principal Position	Year Ended June 30	Salary/ Fees ($)	Share-based Awards ($)	Option-based Awards[1] ($)[2]	Non-equity incentive plan compensation ($)[3]	All Other Compensation ($)	Total Compensation ($)
					Annual incentive plans		
Sheldon Inwentash[4] CEO	2011	264,000	Nil	548,500	200,000	Nil	1,012,500
	2010	264,000	Nil	247,500	Nil	Nil	511,500
	2009	264,000	Nil	Nil	Nil	Nil	264,000
Gerry Feldman CFO	2011	168,875[6]	Nil	193,000	125,000	Nil	486,875
	2010	196,000[5]	Nil	117,500	Nil		313,500
Jonathan Schroeder[7] President and COO	2011	142,500[8]	Nil	49,500	150,000	Nil	342,000
	2010	40,000	Nil	460,000	Nil	Nil	500,000
Richard Patricio[9] Vice President, Legal & Corporate Affairs	2011	127,750	Nil	209,500	Nil	Nil	337,250
	2010	127,750	Nil	82,500	Nil	Nil	210,250
	2009	127,750	Nil	Nil	Nil	Nil	127,750

[1] Option-based awards are stock options granted to the Named Executive Officers under the Company's stock option plan. Each option entitles the holder to acquire one common share of Brownstone. Options vest and become exercisable in equal amounts every three months, over a period of eighteen months from the grant date, are granted at an exercise price per share equal to the closing price of the Company's common shares on the TSX Venture Exchange on the trading day immediately preceding the grant date, and expire five years from the grant date.

The dollar values of the options granted to the Named Executive Officers on their respective grant dates (calculated as set forth in note 2) are reported in the table. 2011 options are exercisable at a price per share of $0.51 or $1.20, as applicable, until expiry on September 20, 2015 and March 29, 2016, respectively. During the 2011 financial year, 950,000 options were granted to Mr. Inwentash, 150,000 options were granted to Mr. Shroeder, 300,000 options were granted to Mr. Feldman, and 350,000 options were granted to Mr. Patricio. 2010 options are exercisable at a price per share of $0.52, $0.75, or $0.65, as applicable, until expiry on August 12, 2014 and November 30, 2014, respectively, in respect of the $0.52 and $0.75 options, and March 2, 2015 or April 14, 2015, as applicable, in respect of the $0.65 options. During the 2010 financial year, 750,000 options were granted to Mr. Inwentash, 1,000,000 options were granted to Mr. Shroeder, 250,000 options were granted to Mr. Feldman, and 250,000 options were granted to Mr. Patricio.

[2] The dollar value of the option-based awards indicated in the table reflects the fair value of the options granted to the Named Executive Officers during the year, calculated as at the applicable grant date using the Black-Scholes valuation method. The values are calculated

and provided for the purposes of the requirements of NI 51-102 and may not reflect the actual values that would be realized by the Named Executive Officers when they ultimately exercise the options, if at all, which realized values will depend upon the market price of Brownstone's shares at the time of exercise. Additionally, the values reported do not reflect the intrinsic value of the options (the difference between the market price of the shares and the exercise price) on the grant date or as at June 30, 2011.

The Black-Scholes value of each of the 2011 options having an exercise price of $0.51 is $0.33, calculated using the following key assumptions and estimates: expected volatility of stock price – 94.3%; expected life of options – 3.5 years; expected dividend yield – 0%; and risk-free rate of interest – 3.0%.

The Black-Scholes value of each of the 2011 options having an exercise price of $1.20 is $0.80, calculated using the following key assumptions and estimates: expected volatility of stock price – 101.2%; expected life of options – 3.5 years; expected dividend yield – 0%; and risk-free rate of interest – 3.0%.

The Black-Scholes value of each of the 2010 options having an exercise price of $0.52 or $0.75 is $0.33 or $0.48, respectively, calculated using the following key assumptions and estimates: expected volatility of stock price – 95%; expected life of options – 3.5 years; expected dividend yield – 0%; and risk-free rate of interest – 2.25%.

The Black-Scholes value of each of the 2010 options having an exercise price of $0.65 and expiring on March 2, 2015 is $0.49, calculated using the following key assumptions and estimates: expected volatility of stock price – 98.9%; expected life of options – 3.5 years; expected dividend yield – 0%; and risk-free rate of interest – 2.25%.

The Black-Scholes value of each of the 2010 options having an exercise price of $0.65 and expiring on April 14, 2015 is $0.43, calculated using the following key assumptions and estimates: expected volatility of stock price – 97.9%; expected life of options – 3.5 years; expected dividend yield – 0%; and risk-free rate of interest – 2.25%.

(3) Non-equity incentive plan compensation reflects discretionary cash bonuses paid to the Named Executive Officers in respect of the 2011 fiscal year, which are discussed elsewhere .

(4) Pursuant to a consulting agreement (the "Consulting Agreement") between the Company and 1359489 Ontario Limited ("1359489"), a corporation controlled by Mr. Inwentash, 1359489 is entitled to receive an annual fee (payable monthly) of $264,000, an annual incentive bonus equal to 10% of the Company's pre-tax profit and option grants as determined from time to time by the Board. Mr. Inwentash is also a director of the Company. During the 2010 financial year, he did not receive any compensation from the company for services rendered in his capacity as a director.

(5) Mr. Feldman was appointed as Chief Financial Officer of the Company effective December 1, 2009. Pursuant to a consulting agreement between the Company and Feldman & Associates Professional Corporation, a corporation controlled by Mr. Feldman, the corporation was entitled to receive a fee of $28,000 per month for services rendered.

(6) Effective August 15, 2010, the monthly fee payable to Mr. Feldman was reduced to 12,083.33.

(7) Mr. Schroeder was appointed as the Company's President and Chief Operating Officer effective March 3, 2010. Pursuant to his employment agreement with the Company, Mr. Schroeder is entitled to receive an annual salary of $120,000, payable semi-monthly. His agreement also provided for the grant of an aggregate of 1,000,000 options within 6 months of the commencement of his employment, subject to a satisfactory performance review in respect of 500,000 of the options. Mr. Schroeder is also a director of the Company. During the 2011 financial year, he did not receive any compensation from the Company for services rendered in his capacity as a director.

(8) Mr. Schroeder's annual salary was increased to $150,000, effective March 1, 2011, and $200,000, effective April 1, 2011.

(9) Pursuant to a consulting agreement dated October 3, 2005, as amended, between the Company and Totus Inc., a corporation controlled by Mr. Patricio, the corporation is entitled to receive a monthly fee of $10,645.83 for services rendered.

Incentive Plan Awards

Outstanding Share-Based Awards and Option-Based Awards

The following table provides details of stock options held the Named Executive Officers as at June 30, 2011. The Company does not make any share-based awards.

Name	Number of Securities Underlying Unexercised Options (#)	Option Exercise Price ($)	Option Expiration Date	Value of Unexercised In-the-money Options[1] ($)
Sheldon Inwentash	1,000,000	2.50	Sept. 13, 2011	Nil
	250,000	2.60	April 2, 2012	Nil
	500,000	1.48	June 25, 2013	Nil
	625,000	0.52	August 12, 2014	175,000
	450,000	0.51	September 20, 2015	130,500
	500,000	1.20	March 29, 2016	Nil
Gerry Feldman	200,000	0.75	November 30, 2014	10,000
	50,000	0.65	April 14, 2015	7,500
	100,000	0.51	September 20, 2015	29,000
	200,000	1.20	March 29, 2016	Nil
Jonathan Schroeder	500,000	0.65	March 2, 2015	75,000
	500,000	0.65	April 14, 2015	75,000
	150,000	0.51	September 20, 2015	43,500
Richard Patricio	50,000	2.60	April 2, 2012	Nil
	250,000	1.48	June 25, 2013	Nil
	208,400	0.52	August 12, 2014	58,352
	150,000	0.51	September 20, 2015	43,500
	200,000	1.20	March 29, 2016	Nil

[1] The value of an in-the-money option is equal to the difference between the closing price of the Company's common shares on the TSX Venture Exchange on June 30, 2011 ($0.80) and the exercise price of the option. A nil value indicates that none of the associated options were in-the-money as at the end of the Company's financial year.

Incentive Plan Awards – Value Vested or Earned During the Year

The following table indicates the value of the incentive plan awards held by the Named Executive Officers which vested or were earned, as the case may be, during the financial year ended June 30, 2011.

Name	Option-based Awards – Value Vested During the Year[1] ($)	Share-based Awards – Value Vested During the Year ($)[2]	Non-equity Incentive Plan Compensation – Value earned During the Year ($)[3]
Sheldon Inwentash	121,750	N/A	200,000
Gerry Feldman	30,432	N/A	125,000
Jonathan Schroeder	126,627	N/A	150,000
Richard Patricio	40,638	N/A	Nil

[1] Amounts indicated in the column reflect the aggregate dollar value that would have been realized by the Named Executive Officer if the options under his option-based awards which vested during the Company's 2011 financial year were exercised by him on the vesting date. Aggregate dollar value is calculated by subtracting the exercise price of the option from the closing price of the Company's common shares on the TSX Venture Exchange on the vesting date. Options which are out-of-the-money on the vesting date (i.e., the exercise price is greater than the closing price of the underlying common shares) will have a nil value.

[2] The Company does not make any share-based awards.

[3] Amounts indicated reflect discretionary cash bonuses paid to the Named Executive Officers for the financial year ended June 30, 2011. Further information regarding the bonuses is provided in the Summary Compensation Table and under "Compensation Discussion and Analysis – Bonus" elsewhere in this section of the Information Circular.

Termination and Change of Control Benefits

Certain of the Named Executive Officers are parties to employment or consulting agreements with the Company, which provide for certain payments and other benefits in the event of the termination of services. These entitlements are described below.

Sheldon Inwentash

If the Company terminates its consulting agreement with Mr. Inwentash (described above under "Summary Compensation Table") for any reason (other than death, disability or certain other enumerated reasons), in the absence of two years' notice, it must continue to pay two years' fees and health and other benefits, and any bonus owed in the year of termination and for the following two years. Based upon the foregoing terms, if Mr. Inwentash's services had been terminated by the Company on June 30, 2011, absent notice, he would have been entitled to receive $528,000 in aggregate fees payable monthly over the following twenty-four month period.

Jonathan Schroeder

If the Company terminates its employment agreement with Mr. Schroeder (described above under "Summary Compensation Table") for any reason (other than death, disability or for cause), in the absence of 60 days' notice, it must continue to pay 60 days' salary and health and other benefits. Based upon the foregoing terms, if Mr. Schroeder's services had been terminated by the Company on June 30, 2011, absent notice, he would have been entitled to receive $33,333 in aggregate salary, payable semi-monthly over the following two months.

Richard Patricio

If the Company terminates its consulting agreement with Mr. Patricio (described above under "Summary Compensation Table") for any reason (other than death, disability or for certain other enumerated reasons), in the absence of 30 days' notice, it must pay one month's fees for the month following termination. Based upon the foregoing terms, if Mr. Patricio's services had been terminated by the Company on June 30, 2011, absent notice, he would have been entitled to receive $10,645.83 in aggregate fees payable over the following month.

Director Compensation

Director Compensation Table

The following table sets forth the value of all compensation provided to non-executive directors for the Company's most recently completed financial year.

NAME	FEES EARNED	OPTION-BASED AWARDS[1] ($)[2]	ALL OTHER COMPENSATION ($)	TOTAL ($)
Michael Sweatman	Nil	56,500	Nil	56,500
Steve Mintz	Nil	56,500	Nil	56,500
Kevin O'Connor	Nil	56,500	Nil	56,500

[1] Option-based awards are stock options granted to the non-executive directors under the Company's stock option plan. Each option entitles the holder to acquire one common share of Brownstone. Options vest and become exercisable in equal amounts every three months, over a period of eighteen months from the grant date, are granted at an exercise price per share equal to the closing price of the Company's common shares on the TSX Venture Exchange on the trading day immediately preceding the grant date, and expire five years from the grant date.

The dollar values of the options granted to the non-executive directors on their respective grant dates (calculated as set forth in note 2) are reported in the table. 2011 options are exercisable at a price per share of $0.51 or $1.20, as applicable, until expiry on September 20, 2015 and March 29, 2016, respectively. During the 2011 financial year, an aggregate of 100,000 options was granted to each non-executive director.

[2] The dollar value of the option-based awards indicated in the table reflects the fair value of the options granted to the non-executive directors during the year, calculated as at the applicable grant date using the Black-Scholes valuation method. The values are calculated and provided for the purposes of the requirements of NI 51-102 and may not reflect the actual values that would be realized by the directors when they ultimately exercise the options, if at all, which realized values will depend upon the market price of Brownstone's shares at the time of exercise. Additionally, the values reported do not reflect the intrinsic value of the options (the difference between the market price of the shares and the exercise price) on the grant date or as at June 30, 2011.

The Black-Scholes value of each of the options having an exercise price of $0.51 is $0.33, calculated using the following key assumptions and estimates: expected volatility of stock price – 94.3%; expected life of options – 3.5 years; expected dividend yield – 0%; and risk-free rate of interest – 3.0%.

The Black-Scholes value of each of the options having an exercise price of $1.20 is $0.80, calculated using the following key assumptions and estimates: expected volatility of stock price – 101.2%; expected life of options – 3.5 years; expected dividend yield – 0%; and risk-free rate of interest – 3.0%.

Discussion of Director Compensation

Directors of the Company who are also officers do not receive any compensation from the Company for services rendered in their capacities as directors. Compensation for non-executive directors is provided solely in the form of options granted under the Plan. No cash fees are paid.

For the fiscal year ended June 30, 2011, each non-executive director was awarded an aggregate of 100,000 options. Details of the options granted to the directors are provided above in the Director Compensation Table.

Outstanding Share-Based Awards and Option-Based Awards

The following table provides details of stock options held by the non-executive directors of the Company as at the end of the most recently completed financial year.

NAME	OPTION-BASED AWARDS -NUMBER OF SECURITIES UNDERLYING UNEXERCISED OPTIONS (#)	OPTION EXERCISE PRICE ($)	OPTION EXPIRATION DATE	VALUE OF UNEXERCISED IN-THE-MONEY OPTIONS ($)
Michael Sweatman	50,000	2.60	April 2, 2012	Nil
	25,000	1.48	June 25, 2013	Nil
	100,000	0.52	August 12, 2014	Nil
	25,000	0.43	May 25, 2015	Nil
	50,000	0.51	September 20, 2015	Nil
	50,000	1.20	March 29, 2016	Nil
Steve Mintz	50,000	2.60	April 2, 2012	Nil
	25,000	1.48	June 25, 2013	Nil
	100,000	0.52	August 12, 2014	Nil
	100,000	0.43	May 25, 2015	Nil
	50,000	0.51	September 20, 2015	Nil
	50,000	1.20	March 29, 2016	Nil

NAME	OPTION-BASED AWARDS -NUMBER OF SECURITIES UNDERLYING UNEXERCISED OPTIONS (#)	OPTION EXERCISE PRICE ($)	OPTION EXPIRATION DATE	VALUE OF UNEXERCISED IN-THE-MONEY OPTIONS ($)
Kevin O'Connor	50,000	0.75	November 26, 2014	Nil
	50,000	0.65	April 14, 2015	Nil
	50,000	0.51	September 20, 2015	Nil
	50,000	1.20	March 29, 2016	Nil

(1) The value of an in-the-money option is equal to the difference between the closing price of the Company's common shares on the TSX Venture Exchange on June 30, 2011 ($0.80) and the exercise price of the option. A nil value indicates that none of the associated options were in-the-money as at the end of the Company's financial year.

Incentive Plan Awards – Value Vested or Earned During the Year

The following table sets forth the value vested or earned during the year of option-based awards and non-equity incentive plan compensation paid to the non-executive directors of the Company, during the financial year ended June 30, 2011.

NAME	OPTION-BASED AWARDS – VALUE VESTED DURING THE YEAR(1) ($)	SHARE-BASED AWARDS – VALUE VESTED DURING THE YEAR ($)(2)	NON-EQUITY INCENTIVE PLAN COMPENSATION – VALUE EARNED DURING THE YEAR ($)
Michael Sweatman	35,440	N/A	Nil
Steve Mintz	35,440	N/A	Nil
Kevin O'Connor	15,838	N/A	Nil

(1) Amounts indicated in the column reflect the aggregate dollar value that would have been realized by the non-executive director if the options under his option-based awards which vested during the Company's 2011 financial year were exercised by him on the vesting date. Aggregate dollar value is calculated by subtracting the exercise price of the option from the closing price of the Company's common shares on the TSX Venture Exchange on the vesting date. Options which are out-of-the-money on the vesting date (i.e., the exercise price is greater than the closing price of the underlying common shares) will have a nil value.

(2) The Company does not make any share-based awards.

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

Set forth below is a summary of securities issuable under the Company's stock option plan, which is its sole equity compensation plan.

Equity Compensation Plan Information

Plan Category	Number of securities to be issued upon exercise of outstanding options (a)	Weighted-average exercise price of outstanding options (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by securityholders	8,425,080(1)	$1.21	4,554,349(2)
Equity compensation plans not approved by securityholders	N/A	N/A	N/A
TOTAL	8,425,080	$1.21	4,554,349

(1) All securities are common shares issuable under the stock option plan pursuant to the exercise of outstanding options.

[2] The stock option plan permits the issuance of that number of common shares equal to ten percent (10%) of the number of common shares outstanding from time to time. The number of common shares remaining available for future issuances under the stock option plan is calculated based upon 129,794,289 common shares outstanding as at June 30, 2011.

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

None of the directors or senior officers of the Company, no proposed nominee for election as a director of the Company, and no associate or affiliate of any of any director, senior officer or proposed nominee, is or has been indebted to the Company or its subsidiaries at any time since the beginning of the Company's last completed financial year.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

No informed person, proposed director of the Company or associate or affiliate of any informed person or proposed director has any material interest, direct or indirect, in any transaction since the commencement of the Company's most recently completed financial year or in any proposed transaction which has materially affected or would materially affect the Company or any of its subsidiaries.

For the purposes of this section of the Information Circular, an "informed person" means:

(i) a director or executive officer of the Company;

(ii) a director or executive officer of a person or company that is itself an informed person or subsidiary of the Company;

(iii) any person or company who beneficially owns, directly or indirectly, voting securities of the Company or who exercises control or direction over voting securities of the Company or a combination of both carrying more than 10 percent of the voting rights attached to all outstanding voting securities of the Company other than voting securities held by the person or company as underwriter in the course of a distribution; and

the Company, if it has purchased, redeemed or otherwise acquired any of its securities, for so long as it holds any of its securities.

MANAGEMENT CONTRACTS

Management functions of the Company and its subsidiaries are substantially performed by the Company's directors and executive officers. The Company has not entered into any contracts, agreements or arrangements with parties other than its directors and executive officers for the provision of such management functions.

CORPORATE GOVERNANCE

General

The Board believes that good corporate governance improves corporate performance and benefits all shareholders. National Policy 58-201 - Corporate Governance Guidelines provides non-prescriptive guidelines on corporate governance practices for reporting issuers such as the Company. In addition, National Instrument 58-101 - Disclosure of Corporate Governance Practices ("**NI 58-101**") prescribes certain disclosure by the Company of its corporate governance practices. This disclosure is presented below.

Board of Directors

The Board facilitates its exercise of independent supervision over the Company's management through frequent meetings of the Board, both with and without members of the Company's management (including members of management that are also directors) being in attendance.

National Instrument 52-110 – *Audit Committees* of certain of the Canadian securities regulatory authorities ("**NI 52-110**") sets out the standard for determining whether a director is "independent" for the

purposes of the Corporate Governance Guidelines and disclosure requirements of the Canadian securities regulatory authorities. In accordance with NI 52-110, a director is "independent" if he or she has no direct or indirect material relationship with the Company. A "material relationship" is a relationship which could, in the view of the Board, be reasonably expected to interfere with the exercise of the director's independent judgment. NI 52-110 also sets out certain circumstances where a director will automatically be considered to have a material relationship with the Company.

Based upon the standard articulated in NI 52-110, a majority of the Company's directors are independent. Michael Sweatman, Steven Mintz and Kevin O'Connor are the independent members of the Board. As the Chief Executive Officer of the Company and the President and Chief Operating Officer of the Company, respectively, Sheldon Inwentash and Jonathan Schroeder are not independent.

Directorships

Certain of the directors and proposed directors are also directors of other reporting issuers, as follows:

DIRECTOR	OTHER REPORTING ISSUERS
Sheldon Inwentash	Adira Energy Ltd. Mega Uranium Limited Pinetree Capital Ltd. Terreno Resources Corp. Titan Uranium Inc. X-Terra Resources Corporation U3O8 Corp.
Michael D. Sweatman	Mega Uranium Ltd. Mega Precious Metals Inc. Blackbird Investments Ltd. Galena Capital Corp. Netco Silver Inc. Teslin River Resources Corp. Lions Gate Metals Inc.
Steve Mintz	Alpaka Resources Corp. Carlisle Goldfields Limited Pounder Venture Capital Corp. Rockstar Capital Corp. Stream Ventures Inc.
Kevin O'Connor	Quetzal Energy Ltd. White Pine Resources Inc.

Orientation and Continuing Education

Each new director brings a different skill set and professional background, and with this information, the Board is able to determine what orientation to the nature and operations of the Company's business will be necessary and relevant to the director. The Company provides continuing education for its directors as such need arises and encourages open discussion at all meetings which format encourages learning by the directors.

Ethical Business Conduct

The Board expects management to operate the business of the Company in a manner that enhances shareholder value and is consistent with the highest level of integrity. Management is expected to execute the Company's business plan and to meet performance objectives and goals.

In addition, the Board must comply with conflict of interest provisions in Canadian corporate law, including relevant securities regulatory instruments, in order to ensure directors exercise independent

judgment in considering transactions and agreements in respect of which director or executive officer has a material interest.

Nomination of Directors

The Board determines new nominees to the Board, although a formal process has not been adopted. The nominees are generally the result of recruitment efforts by the Board members, including both formal and informal discussions among Board members and the Chief Executive Officer of the Company. The Board monitors but does not formally assess the performance of individual Board members or committee members on their contributions.

Compensation

Director and chief executive officer compensation has been determined by the Board, in consideration of the compensation paid by other similarly-situation public companies operating within the same industry as the Company and of the duties, responsibilities and demands placed upon the members of the Board and the chief executive officer, respectively. Subsequent to the end of the Company's fiscal 2011 year, the Board established and constituted a compensation committee to which it delegated, among other things, the responsibility to determine and approve the compensation of Brownstone's officers and to recommend to the Board for approval the remuneration of the directors and committee members.

Other Board Committees

The Board has no other committees, other than the audit committee and the compensation committee.

Assessments

The Board has not implemented a formal process or means to regularly assess the effectiveness of the Board, its committees or individual directors. Effectiveness is informally assessed on an ongoing basis, however, based upon the ability of the directors to fulfill their duties and responsibilities in a timely and efficient manner. The relatively small size of the Board allows for the contributions of an individual director to be informally monitored by the other Board members, in light of the individual's business and governance strengths and the specific purpose, if any, for which the individual was originally nominated to the Board. In accordance with its charter, the auditor committee is required to annually assess its charter and submit any proposed changes to the Board for approval.

The Company feels its corporate governance practices are appropriate and effective, given its relatively small size and the nature of its operations. The practices allow the Company to operate efficiently, with simple checks and balances that control and monitor management and corporate functions without excess administrative burden or delay.

AUDIT COMMITTEE DISCLOSURE

Multilateral Instrument 52-110 - *Audit Committees* ("**MI 52-110**") requires us to disclose annually in our management information circular certain information concerning the constitution of our audit committee and its relationship with our independent auditor, as set forth below.

Audit Committee Charter

A copy of the audit committee's charter is attached as Schedule "D" to this Information Circular.

Composition of Audit Committee

Our Audit Committee is comprised of three board members – Steve Mintz, Michael Sweatman and Kevin O'Connor. Each of the committee members is considered to be "independent" and "financially literate", for the purposes of MI 52-110. Financial literacy includes the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues similar to those expected to arise in the context of Brownstone.

Relevant Education and Experience

Each member of the Audit Committee has extensive experience in dealing with financial statements, accounting issues, internal control and other related matters to public companies. Mr. Sweatman is a qualified Chartered Accountant who has served as Chief Financial Officer and director for several public companies. Mr. Mintz is also a qualified Chartered Accountant who has served as Chief Financial Officer and director for several public companies. Mr. O'Connor has been involved with various public companies and financial reporting matters, serving previously as President of a number of public companies.

Pre-Approval Policies and Procedures

In the event that the Company wishes to retain the services of the Company's external auditors for tax compliance, tax advice or tax planning, the Chief Financial Officer of the Company must consult with the chair of the audit committee, who has the authority to approve or disapprove on behalf of the audit committee, such non-audit services. All other permissible non-audit services shall be approved or disapproved by the audit Committee as a whole.

The Company's external auditors are prohibited from performing for the Company non-audit services of the following nature: (a) bookkeeping or other services related to the Company's accounting records or financial statements; (b) financial information systems design and implementation; (c) appraisal or valuation services, fairness opinion or contributions-in-kind reports; (d) actuarial services; (e) internal audit outsourcing services; (f) management functions; (g) human resources; (h) broker or dealer, investment adviser or investment banking services; (i) legal services; (j) expert services unrelated to the audit; and (k) any other service that the Canadian Public Accountability Board determines is impermissible.

External Auditor Service Fees

The fees billed by the Company's external auditors in each of the last two financial years for audit and non-audit related services provided to the Company or its subsidiaries (if any) are as follows:

FINANCIAL YEAR ENDING June 30/10	AUDIT FEES	AUDIT RELATED FEES	TAX ADVISORY FEES	ALL OTHER FEES
2011	$55,000	$13,600[1]	$33,310[2]	Nil
2010	$67,000	$1,100[1]	$5,000[2]	Nil

[1] Fees paid for Canadian Public Accountability Board fees and IFRS conversion related work.
[2] Fees paid for general tax services and preparation for annual tax returns.

Exemption

The Company is relying on the exemption provided by section 6.1 of NI 52-110 which provides that the Company, as a "venture issuer", is not required to comply with Part 3 (*Composition of the Audit Committee*) and Part 5 (*Reporting Obligations*) of NI 52-110. The Company's audit committee is, however, in compliance with Part 3 of NI 52-110, notwithstanding the availability of the exemption.

ADDITIONAL INFORMATION

Additional information relating to the Company is available on SEDAR at www.sedar.com. Financial information is provided in the Company's audited annual financial statements and accompanying management's discussion and analysis ("**MD&A**") for the year ended June 30, 2011. Shareholders may obtain copies of the Company's financial statements and related MD&A by contacting the Company at Suite 2500, 130 King Street West, Toronto, Ontario M5X 1A9 or by telephone at (416) 941-8900.

DIRECTORS' APPROVAL

The contents and sending of this Information Circular have been approved by the Company's directors.

DATED at Toronto, Ontario this 14th day of October, 2011

BY THE ORDER OF THE BOARD OF DIRECTORS

"Sheldon Inwentash"

Sheldon Inwentash
Chief Executive Officer

SCHEDULE "A"

BROWNSTONE ENERGY INC.

STOCK OPTION PLAN (AS AMENDED)

1. PURPOSE

The purpose of this stock option plan (the "**Plan**") is to authorize the grant to Eligible Persons (as such term is defined below) of Brownstone Energy Inc. (the "**Corporation**") of options to purchase common shares ("**shares**") of the Corporation's capital and thus benefit the Corporation by enabling it to attract, retain and motivate Eligible Persons by providing them with the opportunity, through share options, to acquire an increased proprietary interest in the Corporation.

2. ADMINISTRATION

The Plan shall be administered by the board of directors of the Corporation or a committee established by the board of directors for that purpose (the "**Committee**"). Subject to approval of the granting of options by the board of directors or Committee, as applicable, the Corporation shall grant options under the Plan.

3. SHARES SUBJECT TO PLAN

Subject to adjustment under the provisions of paragraph 12 hereof, the aggregate number of shares of the Corporation which may be issued and sold under the Plan will not exceed 10% of the total number of shares of the Corporation issued and outstanding from time to time. The total number of shares which may be reserved for issuance to any one individual under the Plan within any one year period shall not exceed 5% of the outstanding issue.

The Corporation shall not, upon the exercise of any option, be required to issue or deliver any shares prior to (a) the admission of such shares to listing on any stock exchange on which the Corporation's shares may then be listed, and (b) the completion of such registration or other qualification of such shares under any law, rules or regulation as the Corporation shall determine to be necessary or advisable.

The issuance of shares by the Corporation pursuant to the exercise of an option shall also be subject to the satisfaction of all applicable federal, provincial, state, local and foreign tax obligations, including obligations to make withholdings, deductions or remittances in respect of any taxable benefits of an optionee arising under this Plan or any option ("tax withholding obligations").

In order to satisfy in full any tax withholding obligations that may be imposed on the Corporation by applicable law, as a condition to the exercise of options, the Corporation may, in its sole discretion: (i) require the optionee to remit to the Corporation a cash amount equal to such tax withholding obligations or (ii) require the optionee to instruct the Corporation to withhold shares that would otherwise be received by the optionee upon exercise of the options, sell such shares on behalf of the optionee, and remit the proceeds of such sale to the relevant taxing authority in satisfaction of the tax withholding obligations. If the optionee fails to comply with the foregoing arrangements, or such other arrangement satisfactory to the Corporation, the optionee shall be deemed to have directed the Corporation, and the Corporation shall have to right, to deduct or withhold from all amounts payable by the Corporation to the optionee in the course of the optionee's employment or engagement with the Corporation, such amounts sufficient to satisfy the tax withholding obligations.
The exercise of an option shall not be effective, and the Corporation shall not be obligated to issue any shares to an optionee pursuant to the exercise of an option, unless either of the foregoing arrangements, or such other arrangement satisfactory to the Corporation, has been made.

If any shares cannot be issued to any optionee for whatever reason, the obligation of the Corporation to issue such shares shall terminate and any option exercise price paid to the Corporation (and any amount paid to the Corporation in respect of tax withholding obligations) shall be returned to the optionee.

4. LIMITS WITH RESPECT TO INSIDERS

(a) The maximum number of shares which may be reserved for issuance to insiders under the Plan, any other employer stock option plans or options for services, shall be 10% of the shares issued and outstanding at the time of the grant (on a non-diluted basis).

(b) The maximum number of shares which may be issued to insiders under the Plan, together with any other previously established or proposed share compensation arrangements, within any one year period shall be 10% of the outstanding issue. The maximum number of shares which may be issued to any one insider and his or her associates under the Plan, together with any other previously established or proposed share compensation arrangements, within a one year period shall be 5% of the shares outstanding at the time of the grant (on a non-diluted basis).

5. ELIGIBILITY

Options shall be granted only to Eligible Persons, any registered savings plan established by an Eligible Person or any corporation wholly-owned by an Eligible Person. The term "**Eligible Person**" means:

(a) a senior officer or director of the Corporation or any of its subsidiaries;

(b) either:

(i) an individual who is considered an employee under the *Income Tax Act*,

(ii) an individual who works full-time for the Corporation providing services normally provided by an employee and who is subject to the same control and direction by the Corporation over the details and methods of work as an employee of the Corporation, but for whom income tax deductions are not made at source, or

(iii) an individual who works for the Corporation on a continuing and regular basis for a minimum amount of time per week (the number of hours should be disclosed in the submission) providing services normally provided by an employee and who is subject to the same control and direction by the Corporation over the details and methods of work as an employee of the Corporation, but for whom income tax deductions are not made at source,

any such individual, an "**Employee**";

(c) an individual employed by a corporation, incorporated association or organization, body corporate, partnership, trust, association or other entity other than an individual (a "**Company**") or an individual (together with a Company, a "**Person**") providing management services to the Corporation, which are required for the ongoing successful operation of the business enterprise of the Corporation, but excluding a Person engaged in Investor Relations Activities (as hereafter defined) (a "**Management Company Employee**");

(d) an individual (or a company or partnership of which the individual is an employee, shareholder or partner), other than an Employee, Management Company Employee, director or senior officer, who:

(i) provides ongoing consulting services to the Corporation or an Affiliate of the Corporation under a written contract;

(ii) possesses technical, business or management expertise of value to the Corporation or an Affiliate of the Corporation;

(iii) spends a significant amount of time and attention on the business and affairs of the Corporation or an Affiliate of the Corporation;

(iv) has a relationship with the Corporation or an Affiliate of the Corporation that enables the individual to be knowledgeable about the business and affairs of the Corporation; and

(v) does not engage in Investor Relations Activities (as hereafter defined)

any such individual, a "**Consultant**";

(e) an individual (or a company or partnership of which the individual is an employee, shareholder or partner), other than an Employee, Management Company Employee, director or senior officer, that falls within the definition of Consultant contained in subsections 5(d)(i) through (iv) which provides Investor Relations Activities (an "**Investor Relations Consultant**"); or

(f) a Person that falls within the definition of Eligible Person contained in any of subsections 5(a), (b) or (d) which provides Investor Relations Activities (an "**Investor Relations Person**").

For purposes of the foregoing, a Company is an "**Affiliate**" of another Company if: (a) one of them is the subsidiary of the other; or (b) each of them is controlled by the same Person.

The term "**Investor Relations Activities**" means any activities or oral or written communications, by or on behalf of the Corporation or shareholder of the Corporation, that promote or reasonably could be expected to promote the purchase or sale of securities of the Corporation, but does not include:

(g) the dissemination of information provided, or records prepared, in the ordinary course of business of the Corporation

(i) to promote the sale of products or services of the Corporation, or

(ii) to raise public awareness of the Corporation,

(iii) that cannot reasonably be considered to promote the purchase or sale of securities of the Corporation;

(h) activities or communications necessary to comply with the requirements of

(i) applicable securities laws, policies or regulations,

(ii) the rules, and regulations of the TSX Venture Exchange ("**TSX-V**") or the by-laws, rules or other regulatory instruments of any other self regulatory body or exchange having jurisdiction over the Corporation;

(iii) communications by a publisher of, or writer for, a newspaper, magazine or business or financial publication, that is of general and regular paid circulation, distributed only to subscribers to it for value or to purchasers of it, if

(1) the communication is only through the newspaper, magazine or publication, and

(2) the publisher or writer received no commission or other consideration other than for acting in the capacity of publisher or writer; or

(i) activities or communications that may be otherwise specified by the TSX-V.

For stock options to Employees, Consultants, Management Company Employees or Investor Relations Persons, the Corporation must represent that the optionee is a *bona fide* Employee, Consultant, Management Company Employee

or Investor Relations Person as the case may be. The terms "insider", "controlled" and "subsidiary" shall have the meanings ascribed thereto in the *Securities Act* (Ontario) from time to time. Subject to the foregoing, the board of directors or Committee, as applicable, shall have full and final authority to determine the persons who are to be granted options under the Plan and the number of shares subject to each option.

6. LIMITS WITH RESPECT TO CONSULTANTS AND INVESTOR RELATIONS PERSONS

(a) The maximum number of stock options which may be granted to any one Consultant under the Plan, any other employer stock options plans or options for services, within any 12 month period, must not exceed 2% of the shares issued and outstanding at the time of the grant (on a non-diluted basis).

(b) The maximum number of stock options which may be granted to Investor Relations Persons under the Plan, any other employer stock options plans or options for services, within any 12 month period must not exceed, in the aggregate, 2% of the shares issued and outstanding at the time of the grant (on a non-diluted basis).

7. PRICE

The purchase price (the "**Price**") for the shares of the Corporation under each option shall be determined by the board of directors or Committee, as applicable, on the basis of the market price, where "market price" shall mean the prior trading day closing price of the shares of the Corporation on any stock exchange on which the shares are listed or last trading price on the prior trading day on any dealing network where the shares trade, and where there is no such closing price or trade on the prior trading day, "market price" shall mean the average of the daily high and low board lot trading prices of the shares of the Corporation on any stock exchange on which the shares are listed or dealing network on which the shares of the Corporation trade for the five (5) immediately preceding trading days. In the event the shares are listed on the TSX-V, the price may be the market price less any discounts from the market price allowed by the TSX-V, subject to a minimum price of $0.10. The approval of disinterested shareholders will be required for any reduction in the Price of a previously granted option to an insider of the Corporation.

8. PERIOD OF OPTION AND RIGHTS TO EXERCISE

Subject to the provisions of this paragraph 8 and paragraphs 9, 10 and 17 below, options will be exercisable in whole or in part, and from time to time, during the currency thereof. Options shall not be granted for a term exceeding five years. The shares to be purchased upon each exercise of any option (the "**optioned shares**") shall be paid for in full at the time of such exercise. Except as provided in paragraphs 9, 10 and 17 below, no option which is held by a service provider may be exercised unless the optionee is then a service provider for the Corporation.

9. CESSATION OF PROVISION OF SERVICES

Subject to paragraph 10 below, if any optionee who is a service provider shall cease to be an Eligible Person of the Corporation for any reason (whether or not for cause) the optionee may, but only within the period of ninety days (unless such period is extended by the board of directors or the Committee, as applicable, and approval is obtained from the stock exchange on which the shares of the Corporation trade), or thirty days if the Eligible Person is an Investor Relations Person (unless such period is extended by the board of directors or the Committee, as applicable, and approval is obtained from the stock exchange on which the shares of the Corporation trade), next succeeding such cessation and in no event after the expiry date of the optionee's option, exercise the optionee's option unless such period is extended as provided in paragraph 10 below.

10. DEATH OF OPTIONEE

In the event of the death of an optionee during the currency of the optionee's option, the option theretofore granted to the optionee shall be exercisable within, but only within, the period of one year next succeeding the optionee's death (unless such period is extended by the board of directors or the Committee, as applicable, and approval is obtained from the stock exchange on which the shares of the Corporation trade). Before expiry of an option under this paragraph 10, the board of directors or Committee, as applicable, shall notify the optionee's representative in writing of such expiry.

11. NON-ASSIGNABILITY AND NON-TRANSFERABILITY OF OPTION

An option granted under the Plan shall be non-assignable and non-transferable by an optionee otherwise than by will or by the laws of descent and distribution, and such option shall be exercisable, during an optionee's lifetime, only by the optionee.

12. ADJUSTMENTS IN SHARES SUBJECT TO PLAN

The aggregate number and kind of shares available under the Plan shall be appropriately adjusted in the event of a reorganization, recapitalization, stock split, stock dividend, combination of shares, merger, consolidation, rights offering or any other change in the corporate structure or shares of the Corporation. The options granted under the Plan may contain such provisions as the board of directors, or Committee, as applicable, may determine with respect to adjustments to be made in the number and kind of shares covered by such options and in the option price in the event of any such change. If there is a reduction in the exercise price of the options of an insider of the Corporation, the Corporation will be required to obtain approval from disinterested shareholders.

13. AMENDMENT AND TERMINATION OF THE PLAN

The board of directors or Committee, as applicable, may at any time amend or terminate the Plan, but where amended, such amendment is subject to regulatory approval.

14. EFFECTIVE DATE OF THE PLAN

The Plan becomes effective on the date of its approval by the shareholders of the Corporation.

15. EVIDENCE OF OPTIONS

Each option granted under the Plan shall be embodied in a written option agreement between the Corporation and the optionee which shall give effect to the provisions of the Plan.

16. EXERCISE OF OPTION

Subject to the provisions of the Plan and the particular option, an option may be exercised from time to time by delivering to the Corporation at its registered office a written notice of exercise specifying the number of shares with respect to which the option is being exercised and accompanied by payment in cash or certified cheque for the full amount of the purchase price of the shares then being purchased (and, if applicable, the full amount payable in respect of tax withholding obligations).

Upon receipt of a certificate of an authorized officer directing the issue of shares purchased under the Plan, the transfer agent is authorized and directed to issue and countersign share certificates for the optioned shares in the name of such optionee or the optionee's legal personal representative or as may be directed in writing by the optionee's legal personal representative.

17. VESTING RESTRICTIONS

Options issued under the Plan may vest at the discretion of the board of directors or Committee, as applicable, provided that if required by any stock exchange on which the shares of the Corporation trade, options issued to Investor Relations Consultants must vest in stages over not less than 12 months with no more than one-quarter (1/4) of the options vesting in any three month period.

18. NOTICE OF SALE OF ALL OR SUBSTANTIALLY ALL SHARES OR ASSETS

If at any time when an option granted under this Plan remains unexercised with respect to any optioned shares:

(a) the Corporation seeks approval from its shareholders for a transaction which, if completed, would constitute an Acceleration Event; or

(b) a third party makes a bona fide formal offer or proposal to the Corporation or its shareholders which, if accepted, would constitute an Acceleration Event;

the Corporation shall notify the optionee in writing of such transaction, offer or proposal as soon as practicable and, provided that the board of directors or Committee, as applicable, has determined that no adjustment shall be made pursuant to section 12 hereof, (i) the board of directors or Committee, as applicable, may permit the optionee to exercise the option granted under this Plan, as to all or any of the optioned shares in respect of which such option has not previously been exercised (regardless of any vesting restrictions), during the period specified in the notice (but in no event later than the expiry date of the option), so that the optionee may participate in such transaction, offer or proposal; and (ii) the board of directors or Committee, as applicable, may require the acceleration of the time for the exercise of the said option and of the time for the fulfilment of any conditions or restrictions on such exercise.

For these purposes, an Acceleration Event means:

(a) the acquisition by any "offeror" (as defined in Part XX of the *Securities Act* (Ontario)) of beneficial ownership of more than 50% of the outstanding voting securities of the Corporation, by means of a take-over bid or otherwise;

(b) any consolidation or merger of the Corporation in which the Corporation is not the continuing or surviving corporation or pursuant to which shares of the Corporation would be converted into cash, securities or other property, other than a merger of the Corporation in which shareholders immediately prior to the merger have the same proportionate ownership of stock of the surviving corporation immediately after the merger;

(c) any sale, lease exchange or other transfer (in one transaction or a series of related transactions) of all or substantially all of the assets of the Corporation; or

(d) the approval by the shareholders of the Corporation of any plan of liquidation or dissolution of the Corporation.

19. RIGHTS PRIOR TO EXERCISE

An optionee shall have no rights whatsoever as a shareholder in respect of any of the optioned shares (including any right to receive dividends or other distributions therefrom or thereon) other than in respect of optioned shares in respect of which the optionee shall have exercised the option to purchase hereunder and which the optionee shall have actually taken up and paid for.

20. HOLD PERIOD

In addition to any resale restrictions of applicable securities laws, policies or regulations, where options are granted by a Tier 2 issuer of the TSX-V, or where the exercise price of the option is based on the Discounted Market Price, as such term is defined by the policies of the TSX-V, all options and any shares issued on the exercise of options must be legended with a four month TSX-V hold period commencing on the date the options were granted.

21. GOVERNING LAW

This Plan shall be construed in accordance with and be governed by the laws of the Province of Ontario and shall be deemed to have been made in said Province, and shall be in accordance with all applicable securities laws.

22. EXPIRY OF OPTION

On the expiry date of any option granted under the Plan, and subject to any extension of such expiry date permitted in accordance with the Plan, such option hereby granted shall forthwith expire and terminate and be of no further force or effect whatsoever as to such of the optioned shares in respect of which the option has not been exercised.

SCHEDULE "B"

Special Resolution in Respect of the Continuance

IT IS RESOLVED AS A SPECIAL RESOLUTION THAT:

1. the continuance of Brownstone Energy Inc. (the "Corporation") under the *Business Corporations Act* (Canada) (the "CBCA") is hereby authorized and approved;

2. the Corporation is hereby authorized to apply to the Registrar of Companies appointed under the *Business Corporations Act* (British Columbia) (the "Registrar") for authorization to continue the Corporation under the CBCA;

3. the Corporation is hereby authorized to apply to the Director appointed under the CBCA (the "Director") for a certificate of continuance continuing the Corporation under the CBCA;

4. the articles of continuance of the Corporation to be filed with the Director, in the form attached to these resolutions as Appendix 1, with such minor amendments, deletions or alterations as may be considered necessary or advisable by any director or officer of the Corporation, in order to ensure compliance with the CBCA and the requirements of the Director, are hereby approved;

5. notwithstanding that this special resolution has been duly passed by the shareholders of the Corporation, the directors of the Corporation may, at their discretion, and without further approval of the shareholders, revoke this special resolution before it is acted upon and not proceed with the continuance of the Corporation contemplated herein; and

6. any director or officer of the Corporation is hereby authorized to execute and deliver, on behalf of the Corporation, all such documents and instruments, and to do all such acts and things as such director or officer may consider to be necessary or advisable in order to carry out the terms of the foregoing special resolution.

Appendix 1 to Schedule "B"

Articles of Continuance

Industry Canada | Industrie Canada

Form 11
Articles of Continuance
Canada Business Corporations Act (CBCA) (s. 187)

Formulaire 11
Clauses de prorogation
Loi canadienne sur les sociétés par actions (LCSA) (art. 187)

1 Corporate name
Dénomination sociale

BROWNSTONE ENERGY INC.

2 The province or territory in Canada where the registered office is situated
La province ou le territoire au Canada où est situé le siège social

ON

3 The classes and the maximum number of shares that the corporation is authorized to issue
Catégories et le nombre maximal d'actions que la société est autorisée à émettre

The Corporation is authorized to issue an unlimited number of common shares.

4 Restrictions on share transfers
Restrictions sur le transfert des actions

None

5 Minimum and maximum number of directors
Nombre minimal et maximal d'administrateurs

Min. 3 Max. 9

6 Restrictions on the business the corporation may carry on
Limites imposées à l'activité commerciale de la société

None

7 (1) If change of name effected, previous name
S'il y a changement de dénomination sociale, indiquer la dénomination sociale antérieure

BROWNSTONE ENERGY INC.

(2) Details of incorporation
Détails de la constitution

Brownstone Energy Inc. is currently a British Columbia company incorporated on July 31, 1987

8 Other Provisions
Autres dispositions

See attached schedule / Voir l'annexe ci-jointe

9 Declaration: I certify that I am a director or an officer of the company continuing into the CBCA.
Déclaration : J'atteste que je suis un administrateur ou un dirigeant de la société se prorogeant sous le régime de la LCSA.

Note: Misrepresentation constitutes an offence and, on summary conviction, a person is liable to a fine not exceeding $5000 or to imprisonment for a term not exceeding six months or both (subsection 250(1) of the CBCA).
Nota : Faire une fausse déclaration constitue une infraction et son auteur, sur déclaration de culpabilité par procédure sommaire, est passible d'une amende maximale de 5 000 $ ou d'un emprisonnement maximal de six mois, ou de ces deux peines (paragraphe 250(1) de la LCSA).

Schedule / Annexe
Other Provisions / Autres dispositions

Between annual meetings of shareholders, the directors of the Corporation may appoint one or more additional directors to serve until the next annual meeting of shareholders, but the number of additional directors so appointed shall not at any time exceed one-third of the number of directors elected at the previous annual meeting of shareholders.

For so long as the articles of the Corporation provide for a minimum and maximum number of directors of the Corporation, the number of directors of the Corporation and the number of directors to be elected at the annual meeting of shareholders shall be such number determined from time to time by the directors.

SCHEDULE "C"

Dissent Rights Under the Business Corporations Act (British Columbia)

Definitions and application

237 (1) In this Division:

"dissenter" means a shareholder who, being entitled to do so, sends written notice of dissent when and as required by section 242;

"notice shares" means, in relation to a notice of dissent, the shares in respect of which dissent is being exercised under the notice of dissent;

"payout value" means,

(a) in the case of a dissent in respect of a resolution, the fair value that the notice shares had immediately before the passing of the resolution,

(b) in the case of a dissent in respect of an arrangement approved by a court order made under section 291 (2) (c) that permits dissent, the fair value that the notice shares had immediately before the passing of the resolution adopting the arrangement, or

(c) in the case of a dissent in respect of a matter approved or authorized by any other court order that permits dissent, the fair value that the notice shares had at the time specified by the court order,

excluding any appreciation or depreciation in anticipation of the corporate action approved or authorized by the resolution or court order unless exclusion would be inequitable.

(2) This Division applies to any right of dissent exercisable by a shareholder except to the extent that

(a) the court orders otherwise, or

(b) in the case of a right of dissent authorized by a resolution referred to in section 238 (1) (g), the court orders otherwise or the resolution provides otherwise.

Right to dissent

238 (1) A shareholder of a company, whether or not the shareholder's shares carry the right to vote, is entitled to dissent as follows:

(a) under section 260, in respect of a resolution to alter the articles to alter restrictions on the powers of the company or on the business it is permitted to carry on;

(b) under section 272, in respect of a resolution to adopt an amalgamation agreement;

(c) under section 287, in respect of a resolution to approve an amalgamation under Division 4 of Part 9;

(d) in respect of a resolution to approve an arrangement, the terms of which arrangement permit dissent;

(e) under section 301 (5), in respect of a resolution to authorize or ratify the sale, lease or other disposition of all or substantially all of the company's undertaking;

(f) under section 309, in respect of a resolution to authorize the continuation of the company into a jurisdiction other than British Columbia;

(g) in respect of any other resolution, if dissent is authorized by the resolution;

(h) in respect of any court order that permits dissent.

(2) A shareholder wishing to dissent must

(a) prepare a separate notice of dissent under section 242 for

(i) the shareholder, if the shareholder is dissenting on the shareholder's own behalf, and

(ii) each other person who beneficially owns shares registered in the shareholder's name and on whose behalf the shareholder is dissenting,

(b) identify in each notice of dissent, in accordance with section 242 (4), the person on whose behalf dissent is being exercised in that notice of dissent, and

(c) dissent with respect to all of the shares, registered in the shareholder's name, of which the person identified under paragraph (b) of this subsection is the beneficial owner.

(3) Without limiting subsection (2), a person who wishes to have dissent exercised with respect to shares of which the person is the beneficial owner must

(a) dissent with respect to all of the shares, if any, of which the person is both the registered owner and the beneficial owner, and

(b) cause each shareholder who is a registered owner of any other shares of which the person is the beneficial owner to dissent with respect to all of those shares.

Waiver of right to dissent

239 (1) A shareholder may not waive generally a right to dissent but may, in writing, waive the right to dissent with respect to a particular corporate action.

(2) A shareholder wishing to waive a right of dissent with respect to a particular corporate action must

(a) provide to the company a separate waiver for

(i) the shareholder, if the shareholder is providing a waiver on the shareholder's own behalf, and

(ii) each other person who beneficially owns shares registered in the shareholder's name and on whose behalf the shareholder is providing a waiver, and

(b) identify in each waiver the person on whose behalf the waiver is made.

(3) If a shareholder waives a right of dissent with respect to a particular corporate action and indicates in the waiver that the right to dissent is being waived on the shareholder's own behalf, the shareholder's right to dissent with respect to the particular corporate action terminates in respect of the shares of which the shareholder is both the registered owner and the beneficial owner, and this Division ceases to apply to

(a) the shareholder in respect of the shares of which the shareholder is both the registered owner and the beneficial owner, and

(b) any other shareholders, who are registered owners of shares beneficially owned by the first mentioned shareholder, in respect of the shares that are beneficially owned by the first mentioned shareholder.

(4) If a shareholder waives a right of dissent with respect to a particular corporate action and indicates in the waiver that the right to dissent is being waived on behalf of a specified person who beneficially owns shares registered in the name of the shareholder, the right of shareholders who are registered owners of shares beneficially owned by that specified person to dissent on behalf of that specified person with respect to the particular corporate action terminates and this Division ceases to apply to those shareholders in respect of the shares that are beneficially owned by that specified person.

Notice of resolution

240 (1) If a resolution in respect of which a shareholder is entitled to dissent is to be considered at a meeting of shareholders, the company must, at least the prescribed number of days before the date of the proposed meeting, send to each of its shareholders, whether or not their shares carry the right to vote,

(a) a copy of the proposed resolution, and

(b) a notice of the meeting that specifies the date of the meeting, and contains a statement advising of the right to send a notice of dissent.

(2) If a resolution in respect of which a shareholder is entitled to dissent is to be passed as a consent resolution of shareholders or as a resolution of directors and the earliest date on which that resolution can be passed is specified in the resolution or in the statement referred to in paragraph (b), the company may, at least 21 days before that specified date, send to each of its shareholders, whether or not their shares carry the right to vote,

(a) a copy of the proposed resolution, and

(b) a statement advising of the right to send a notice of dissent.

(3) If a resolution in respect of which a shareholder is entitled to dissent was or is to be passed as a resolution of shareholders without the company complying with subsection (1) or (2), or was or is to be passed as a directors' resolution without the company complying with subsection (2), the company must, before or within 14 days after the passing of the resolution, send to each of its shareholders who has not, on behalf of every person who beneficially owns shares registered in the name of the shareholder, consented to the resolution or voted in favour of the resolution, whether or not their shares carry the right to vote,

(a) a copy of the resolution,

(b) a statement advising of the right to send a notice of dissent, and

(c) if the resolution has passed, notification of that fact and the date on which it was passed.

(4) Nothing in subsection (1), (2) or (3) gives a shareholder a right to vote in a meeting at which, or on a resolution on which, the shareholder would not otherwise be entitled to vote.

Notice of court orders

241 If a court order provides for a right of dissent, the company must, not later than 14 days after the date on which the company receives a copy of the entered order, send to each shareholder who is entitled to exercise that right of dissent

(a) a copy of the entered order, and

(b) a statement advising of the right to send a notice of dissent.

Notice of dissent

242 (1) A shareholder intending to dissent in respect of a resolution referred to in section 238 (1) (a), (b), (c), (d), (e) or (f) must,

(a) if the company has complied with section 240 (1) or (2), send written notice of dissent to the company at least 2 days before the date on which the resolution is to be passed or can be passed, as the case may be,

(b) if the company has complied with section 240 (3), send written notice of dissent to the company not more than 14 days after receiving the records referred to in that section, or

(c) if the company has not complied with section 240 (1), (2) or (3), send written notice of dissent to the company not more than 14 days after the later of

(i) the date on which the shareholder learns that the resolution was passed, and

(ii) the date on which the shareholder learns that the shareholder is entitled to dissent.

(2) A shareholder intending to dissent in respect of a resolution referred to in section 238 (1) (g) must send written notice of dissent to the company

(a) on or before the date specified by the resolution or in the statement referred to in section 240 (2) (b) or (3) (b) as the last date by which notice of dissent must be sent, or

(b) if the resolution or statement does not specify a date, in accordance with subsection (1) of this section.

(3) A shareholder intending to dissent under section 238 (1) (h) in respect of a court order that permits dissent must send written notice of dissent to the company

(a) within the number of days, specified by the court order, after the shareholder receives the records referred to in section 241, or

(b) if the court order does not specify the number of days referred to in paragraph (a) of this subsection, within 14 days after the shareholder receives the records referred to in section 241.

(4) A notice of dissent sent under this section must set out the number, and the class and series, if applicable, of the notice shares, and must set out whichever of the following is applicable:

(a) if the notice shares constitute all of the shares of which the shareholder is both the registered owner and beneficial owner and the shareholder owns no other shares of the company as beneficial owner, a statement to that effect;

(b) if the notice shares constitute all of the shares of which the shareholder is both the registered owner and beneficial owner but the shareholder owns other shares of the company as beneficial owner, a statement to that effect and

(i) the names of the registered owners of those other shares,

(ii) the number, and the class and series, if applicable, of those other shares that are held by each of those registered owners, and

(iii) a statement that notices of dissent are being, or have been, sent in respect of all of those other shares;

(c) if dissent is being exercised by the shareholder on behalf of a beneficial owner who is not the dissenting shareholder, a statement to that effect and

(i) the name and address of the beneficial owner, and

(ii) a statement that the shareholder is dissenting in relation to all of the shares beneficially owned by the beneficial owner that are registered in the shareholder's name.

(5) The right of a shareholder to dissent on behalf of a beneficial owner of shares, including the shareholder, terminates and this Division ceases to apply to the shareholder in respect of that beneficial owner if subsections (1) to (4) of this section, as those subsections pertain to that beneficial owner, are not complied with.

Notice of intention to proceed

243 (1) A company that receives a notice of dissent under section 242 from a dissenter must,

(a) if the company intends to act on the authority of the resolution or court order in respect of which the notice of dissent was sent, send a notice to the dissenter promptly after the later of

(i) the date on which the company forms the intention to proceed, and

(ii) the date on which the notice of dissent was received, or

(b) if the company has acted on the authority of that resolution or court order, promptly send a notice to the dissenter.

(2) A notice sent under subsection (1) (a) or (b) of this section must

(a) be dated not earlier than the date on which the notice is sent,

(b) state that the company intends to act, or has acted, as the case may be, on the authority of the resolution or court order, and

(c) advise the dissenter of the manner in which dissent is to be completed under section 244.

Completion of dissent

244 (1) A dissenter who receives a notice under section 243 must, if the dissenter wishes to proceed with the dissent, send to the company or its transfer agent for the notice shares, within one month after the date of the notice,

(a) a written statement that the dissenter requires the company to purchase all of the notice shares,

(b) the certificates, if any, representing the notice shares, and

(c) if section 242 (4) (c) applies, a written statement that complies with subsection (2) of this section.

(2) The written statement referred to in subsection (1) (c) must

(a) be signed by the beneficial owner on whose behalf dissent is being exercised, and

(b) set out whether or not the beneficial owner is the beneficial owner of other shares of the company and, if so, set out

(i) the names of the registered owners of those other shares,

(ii) the number, and the class and series, if applicable, of those other shares that are held by each of those registered owners, and

(iii) that dissent is being exercised in respect of all of those other shares.

(3) After the dissenter has complied with subsection (1),

(a) the dissenter is deemed to have sold to the company the notice shares, and

(b) the company is deemed to have purchased those shares, and must comply with section 245, whether or not it is authorized to do so by, and despite any restriction in, its memorandum or articles.

(4) Unless the court orders otherwise, if the dissenter fails to comply with subsection (1) of this section in relation to notice shares, the right of the dissenter to dissent with respect to those notice shares terminates and this Division, other than section 247, ceases to apply to the dissenter with respect to those notice shares.

(5) Unless the court orders otherwise, if a person on whose behalf dissent is being exercised in relation to a particular corporate action fails to ensure that every shareholder who is a registered owner of any of the shares beneficially owned by that person complies with subsection (1) of this section, the right of shareholders who are registered owners of shares beneficially owned by that person to dissent on behalf of that person with respect to that corporate action terminates and this Division, other than section 247, ceases to apply to those shareholders in respect of the shares that are beneficially owned by that person.

(6) A dissenter who has complied with subsection (1) of this section may not vote, or exercise or assert any rights of a shareholder, in respect of the notice shares, other than under this Division.

Payment for notice shares

245 (1) A company and a dissenter who has complied with section 244 (1) may agree on the amount of the payout value of the notice shares and, in that event, the company must

(a) promptly pay that amount to the dissenter, or

(b) if subsection (5) of this section applies, promptly send a notice to the dissenter that the company is unable lawfully to pay dissenters for their shares.

(2) A dissenter who has not entered into an agreement with the company under subsection (1) or the company may apply to the court and the court may

(a) determine the payout value of the notice shares of those dissenters who have not entered into an agreement with the company under subsection (1), or order that the payout value of those notice shares be established by arbitration or by reference to the registrar, or a referee, of the court,

(b) join in the application each dissenter, other than a dissenter who has entered into an agreement with the company under subsection (1), who has complied with section 244 (1), and

(c) make consequential orders and give directions it considers appropriate.

(3) Promptly after a determination of the payout value for notice shares has been made under subsection (2) (a) of this section, the company must

(a) pay to each dissenter who has complied with section 244 (1) in relation to those notice shares, other than a dissenter who has entered into an agreement with the company under subsection (1) of this section, the payout value applicable to that dissenter's notice shares, or

(b) if subsection (5) applies, promptly send a notice to the dissenter that the company is unable lawfully to pay dissenters for their shares.

(4) If a dissenter receives a notice under subsection (1) (b) or (3) (b),

(a) the dissenter may, within 30 days after receipt, withdraw the dissenter's notice of dissent, in which case the company is deemed to consent to the withdrawal and this Division, other than section 247, ceases to apply to the dissenter with respect to the notice shares, or

(b) if the dissenter does not withdraw the notice of dissent in accordance with paragraph (a) of this subsection, the dissenter retains a status as a claimant against the company, to be paid as soon as the company is lawfully able to do so or, in a liquidation, to be ranked subordinate to the rights of creditors of the company but in priority to its shareholders.

(5) A company must not make a payment to a dissenter under this section if there are reasonable grounds for believing that

(a) the company is insolvent, or

(b) the payment would render the company insolvent.

Loss of right to dissent

246 The right of a dissenter to dissent with respect to notice shares terminates and this Division, other than section 247, ceases to apply to the dissenter with respect to those notice shares, if, before payment is made to the dissenter of the full amount of money to which the dissenter is entitled under section 245 in relation to those notice shares, any of the following events occur:

(a) the corporate action approved or authorized, or to be approved or authorized, by the resolution or court order in respect of which the notice of dissent was sent is abandoned;

(b) the resolution in respect of which the notice of dissent was sent does not pass;

(c) the resolution in respect of which the notice of dissent was sent is revoked before the corporate action approved or authorized by that resolution is taken;

(d) the notice of dissent was sent in respect of a resolution adopting an amalgamation agreement and the amalgamation is abandoned or, by the terms of the agreement, will not proceed;

(e) the arrangement in respect of which the notice of dissent was sent is abandoned or by its terms will not proceed;

(f) a court permanently enjoins or sets aside the corporate action approved or authorized by the resolution or court order in respect of which the notice of dissent was sent;

(g) with respect to the notice shares, the dissenter consents to, or votes in favour of, the resolution in respect of which the notice of dissent was sent;

(h) the notice of dissent is withdrawn with the written consent of the company;

(i) the court determines that the dissenter is not entitled to dissent under this Division or that the dissenter is not entitled to dissent with respect to the notice shares under this Division.

Shareholders entitled to return of shares and rights

247 If, under section 244 (4) or (5), 245 (4) (a) or 246, this Division, other than this section, ceases to apply to a dissenter with respect to notice shares,

(a) the company must return to the dissenter each of the applicable share certificates, if any, sent under section 244 (1) (b) or, if those share certificates are unavailable, replacements for those share certificates,

(b) the dissenter regains any ability lost under section 244 (6) to vote, or exercise or assert any rights of a shareholder, in respect of the notice shares, and

(c) the dissenter must return any money that the company paid to the dissenter in respect of the notice shares under, or in purported compliance with, this Division.

SCHEDULE "D"

BROWNSTONE ENERGY INC.

Charter of the Audit Committee of the Board of Directors

I PURPOSE

The Audit Committee (the "**Committee**") is appointed by the Board of Directors (the "**Board**") of Brownstone Energy Inc. (the "**Corporation**") to assist the Board in fulfilling its oversight responsibilities relating to financial accounting and reporting process and internal controls for the Corporation. The Committee's primary duties and responsibilities are to:

- conduct such reviews and discussions with management and the external auditors relating to the audit and financial reporting as are deemed appropriate by the Committee;
- assess the integrity of internal controls and financial reporting procedures of the Corporation and ensure implementation of such controls and procedures;
- ensure that there is an appropriate standard of corporate conduct including, if necessary, adopting a corporate code of ethics for senior financial personnel;
- review the quarterly and annual financial statements and management's discussion and analysis of the Corporation's financial position and operating results and report thereon to the Board for approval of same;
- select and monitor the independence and performance of the Corporation's external auditors, including attending at private meetings with the external auditors and reviewing and approving all renewals or dismissals of the external auditors and their remuneration;
- reviews and approves all non-audit related engagements of the Corporation's auditors; and
- provide oversight to related party transactions entered into by the Corporation.

The Committee has the authority to conduct any investigation appropriate to its responsibilities, and it may request the external auditors as well as any officer of the Corporation, or outside counsel for the Corporation, to attend a meeting of the Committee or to meet with any members of, or advisors to, the Committee. The Committee shall have unrestricted access to the books and records of the Corporation and has the authority to retain, at the expense of the Corporation, special legal, accounting, or other consultants or experts to assist in the performance of the Committee's duties.

The Committee shall review and assess the adequacy of this Charter annually and submit any proposed revisions to the Board for approval.

In fulfilling its responsibilities, the Committee will carry out the specific duties set out in Part IV of this Charter.

II AUTHORITY OF THE AUDIT COMMITTEE

The Committee shall have the authority to:

(a) engage independent counsel and other advisors as it determines necessary to carry out its duties;

(b) set and pay the compensation for advisors employed by the Committee; and

(c) communicate directly with the internal and external auditors.

III COMPOSITION AND MEETINGS

1. The Committee and its membership shall meet all applicable legal, regulatory and listing requirements, including, without limitation, those of the Ontario Securities Commission ("**OSC**"), the TSX Venture Exchange, the *Business Corporations Act* (Ontario) and all applicable securities regulatory authorities.

2. The Committee shall be composed of three or more directors as shall be designated by the Board from time to time. The members of the Committee shall appoint from among themselves a member who shall serve as Chair.

3. A majority of the members of the Committee shall be "independent" and shall be "financially literate" (as each such term is defined in Multilateral Instrument 52-110).

4. The Committee shall meet at least quarterly, at the discretion of the Chair or a majority of its members, as circumstances dictate or as may be required by applicable legal or listing requirements. A minimum of two and at least 50% of the members of the Committee present either in person or by telephone shall constitute a quorum.

5. If within one hour of the time appointed for a meeting of the Committee, a quorum is not present, the meeting shall stand adjourned to the same hour on the next business day following the date of such meeting at the same place. If at the adjourned meeting a quorum as hereinbefore specified is not present within one hour of the time appointed for such adjourned meeting, such meeting shall stand adjourned to the same hour on the second business day following the date of such meeting at the same place. If at the second adjourned meeting a quorum as hereinbefore specified is not present, the quorum for the adjourned meeting shall consist of the members then present.

6. If and whenever a vacancy shall exist, the remaining members of the Committee may exercise all of its powers and responsibilities so long as a quorum remains in office.

7. The time and place at which meetings of the Committee shall be held, and procedures at such meetings, shall be determined from time to time by the Committee. A meeting of the Committee may be called by letter, telephone, facsimile, email or other communication equipment, by giving at least 48 hours notice, provided that no notice of a meeting shall be necessary if all of the members are present either in person or by means of conference telephone or if those absent have waived notice or otherwise signified their consent to the holding of such meeting.

8. Any member of the Committee may participate in the meeting of the Committee by means of conference telephone or other communication equipment, and the member participating in a meeting pursuant to this paragraph shall be deemed, for purposes hereof, to be present in person at the meeting.

9. The Committee shall keep minutes of its meetings which shall be submitted to the Board. The Committee may, from time to time, appoint any person who need not be a member, to act as a secretary at any meeting.

10. The Committee may invite such officers, directors and employees of the Corporation and its subsidiaries as the Committee may see fit, from time to time, to attend at meetings of the Committee.

11. Any matters to be determined by the Committee shall be decided by a majority of votes cast at a meeting of the Committee called for such purpose. Actions of the Committee may be taken by an instrument or instruments in writing signed by all of the members of the Committee, and such actions shall be effective as though they had been decided by a majority of votes cast at a meeting of the Committee called for such purpose. All decisions or recommendations of the Committee shall require the approval of the Board prior to implementation.

The Committee members will be elected annually at the first meeting of the Board following the annual general meeting of shareholders.

IV RESPONSIBILITIES

A Financial Accounting and Reporting Process and Internal Controls

1. The Committee shall review the annual audited financial statements to satisfy itself that they are presented in accordance with applicable generally accepted accounting principles ("**GAAP**") and report thereon to the Board and recommend to the Board whether or not same should be approved prior to their being filed with the appropriate regulatory authorities. The Committee shall also review the interim financial statements. With respect to the annual audited financial statements, the Committee shall discuss significant issues regarding accounting principles, practices, and judgments of management with management and the external auditors and have meetings with the Corporation's auditors without management present, as and when the Committee deems it appropriate to do so. The Committee shall satisfy itself that the information contained in the annual audited financial statements is not significantly erroneous, misleading or incomplete and that the audit function has been effectively carried out.

2. The Committee shall review any internal control reports prepared by management and the evaluation of such report by the external auditors, together with management's response.

3. The Committee shall be satisfied that adequate procedures are in place for the review of the Corporation's public disclosure of financial information extracted or derived from the Corporation's financial statements, management's discussion and analysis and interim earnings press releases, and periodically assess the adequacy of these procedures.

4. The Committee shall review management's discussion and analysis relating to annual and interim financial statements and any other public disclosure documents, including interim earnings press releases, that are required to be reviewed by the Committee under any applicable laws, before the Corporation publicly discloses this information.

5. The Committee shall meet no less frequently than annually with the external auditors and the Chief Financial Officer or, in the absence of a Chief Financial Officer, with the officer of the Corporation in charge of financial matters, to review accounting practices, internal controls and such other matters as the Committee, Chief Financial Officer or, in the absence of a Chief Financial Officer, the officer of the Corporation in charge of financial matters, deem appropriate.

6. The Committee shall inquire of management and the external auditors about significant risks or exposures, both internal and external, to which the Corporation may be subject, and assess the steps management has taken to minimize such risks.

7. The Committee shall review the post-audit or management letter containing the recommendations of the external auditors and management's response and subsequent follow-up to any identified weaknesses.

8. The Committee shall ensure that there is an appropriate standard of corporate conduct including, if necessary, adopting a corporate code of ethics for senior financial personnel.

9. The Committee shall establish procedures for:

   (a) the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls or auditing matters; and

   (b) the confidential, anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters.

10. The Committee shall provide oversight to related party transactions entered into by the Corporation.

B Independent Auditors

1. The Committee shall recommend to the Board the external auditors to be nominated, shall set the compensation for the external auditors, provide oversight of the external auditors and shall ensure that the external auditors report directly to the Committee.

2. The Committee shall be directly responsible for overseeing the work of the external auditors, including the resolution of disagreements between management and the external auditors regarding financial reporting.

3. The Committee shall pre-approve all audit and non-audit services not prohibited by law to be provided by the external auditors in accordance with this Charter.

4. The Committee shall monitor and assess the relationship between management and the external auditors and monitor, support and assure the independence and objectivity of the external auditors.

5. The Committee shall review the external auditors' audit plan, including the scope, procedures and timing of the audit.

6. The Committee shall review the results of the annual audit with the external auditors, including matters related to the conduct of the audit.

7. The Committee shall obtain timely reports from the external auditors describing critical accounting policies and practices, alternative treatments of information within GAAP that were discussed with management, their ramifications, and the external auditors' preferred treatment and material written communications between the Corporation and the external auditors.

8. The Committee shall review fees paid by the Corporation to the external auditors and other professionals in respect of audit and non-audit services on an annual basis.

9. The Committee shall review and approve the Corporation's hiring policies regarding partners, employees and former partners and employees of the present and former auditors of the Corporation.

10. The Committee shall monitor and assess the relationship between management and the external auditors and monitor and support the independence and objectivity of the external auditors.

C Other Responsibilities

The Committee shall perform any other activities consistent with this Charter and governing law, as the Committee or the Board deems necessary or appropriate.