

FORM 51-101F3
Material Change Report

Item 1 Reporting Issuer

Brownstone Energy Inc. (the “Company” or “Brownstone”)
130 King Street West, Suite 2500
Toronto, ON M5X 1A9

Item 2 Date of Material Change

A material change took place on June 21, 2012.

Item 3 Press Release

A press release describing the material change was disseminated by Marketwire on June 21, 2012.

Item 4 Summary of Material Change

On June 21, 2012, Brownstone announced an oil discovery in the Une Formation at the Flami-1 well on the Llanos 27 Block in Colombia.

Item 5 Full Description of Material Change

A full description of the material change is provided in the press release attached as Schedule A to this material change report.

Item 6 Reliance on subsection 7.1(2) or (3) of National Instrument 51-102

This material change report is not being filed on a confidential basis.

Item 7 Omitted Information

No information has been omitted from this material change report on the basis that it is confidential.

Item 8 Executive Officer

Richard Patricio, Vice President, Corporate and Legal Affairs of the Company (416.643.7630), is knowledgeable about this material change report and the matters described herein.

Item 9 Date of Report

Dated this 26th day of June, 2012.

SCHEDULE A

Press Release

BROWNSTONE ANNOUNCES NEW OIL DISCOVERY AT LLANOS BLOCK 27

Toronto, Ontario (June 21, 2012) – Brownstone Energy Inc. (TSXV: BWN; OTCQX: BWSOF) (“Brownstone”) is pleased to announce a new oil discovery in the Une Formation at the Flami-1 well at the Llanos 27 Block in Colombia, and the following update from the operator.

As previously released, the Flami-1 well is the second well drilled by Brownstone and its partners at the Llanos 27 block, which commenced drilling on April 23, 2012. The well was drilled with the Saxon 132 1,500 horsepower rig and was successfully drilled to a total depth of 9,300 feet on May 31, 2012. Well logs indicated an estimated 20 feet of potential gross oil pay in the Mirador formation and 22 feet in the Une formation. Testing operations of the Une formation have now concluded and Brownstone and its partners are now preparing operations to conduct the test of the Mirador formation.

Une Formation Test

Testing operations commenced on June 13, 2012 with the Une formation being perforated at the 9,086-9,100 foot interval.

Phase 1 of the test involved producing out the drilling control fluids and cleaning the wellbore. Over a 60 hour period the well produced 1,515 BOPD of 15.5 degree API oil with an average watercut of 13%. Cumulative oil production over those 60 hours was 3,786 barrels of oil.

Following Phase 1 of the test the well was shut in to perform a 24 hour pressure build-up test. During this time, the formation pressure was measured at 3,850 psi.

Phase 2 of the test involved periodically stepping up the total fluid production rate to observe watercut and overall fluid production. Cumulative production over a 73 hour period was 5,496 barrels of oil and was produced in the following stages:

1. Stage 1: Over an initial period of 29 hours the well produced 1,403 BOPD (1,695 total over 29 hours) with an average watercut of 20%
2. Stage 2: The drawdown rate was increased and over a period of 20 hours the well produced 1,832 BOPD (1,527 total over 20 hours) with a watercut of 12%
3. Stage 3: The drawdown rate was increased and over a period of 15 hours the well produced 2,160 BOPD (1,350 total over 15 hours) with a watercut of 12%
4. Stage 4: The drawdown rate was increased and over a period of 9 hours the well produced 2,464 BOPD (924 total over 9 hours) with a 12% watercut.

These test results are preliminary and are not necessarily an indication of the longer-term potential of the well. Additional tests will be performed once the well can be placed on an extended test.

Mirador Formation Test

Operations are now being organized to conduct a test of the Mirador formation and results are expected in the next 2-3 weeks.

Following completion of the Mirador test, the well will be shut in while an application is made to the Ministry of Mines in Colombia to put the well on an extended test. This application approval is expected to take four to six weeks, at which time the well can be put back on production and oil

from the extended test sold to market.

Brownstone is paying 50% of the total cost of the well and will earn 45.275% of production before payout and 34.25% of production after payout under a private participating interest agreement.

About Brownstone

Brownstone Energy Inc. is a Canadian-based, energy focused company with direct interests in oil and gas exploration projects, including varying interests in three off-shore Israel concessions and in four Colombian blocks in the Llanos basin, as well as other oil and gas interests worldwide. By owning and managing a diversified portfolio of energy-based projects, Brownstone provides shareholders with a unique energy alternative. For additional information, please see Brownstone's website: www.brownstoneenergy.com.

Neither TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

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Cautionary Statements

This news release contains forward-looking information and forward-looking statements within the meaning of applicable securities laws (together, "forward-looking information"). The use of any of the words "expect", "anticipate", "continue", "estimate", "believe", "plans", "intends", "confident", "may", "objective", "ongoing", "will", "should", "project", "should" and similar expressions are intended to identify forward-looking information.

The forward-looking information is based on certain key expectations and assumptions made by the Company, including expectations and assumptions concerning the operational results in Colombia. Although the Company believes that the expectations and assumptions on which the forward-looking information are based are reasonable, undue reliance should not be placed on the forward-looking information because the Company can give no assurance that they will prove to be correct.

Since forward-looking information addresses future events and conditions, by its very nature it involves inherent risks and uncertainties. Actual results could differ materially from those currently anticipated due to a number of factors and risks. These include, but are not limited to, the inherent risks involved in the exploration and development of oil and gas properties, the uncertainties involved in interpreting drilling results and other geological data, uncertainties relating to fluctuating oil and gas prices, the possibility of cost overruns or unanticipated costs and expenses and other factors including unforeseen delays. Anticipated exploration and development plans relating to the Company's properties are subject to change.

The foregoing list of assumptions, risks and uncertainties is not exhaustive. The forward-looking information contained in this press release is made as of the date hereof and Brownstone undertakes no obligation to update publicly or revise any forward-looking statements or information, whether as a result of new information, future events or otherwise, unless so required by applicable securities laws.