

**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 2A2

Item 2            Date of Material Change

A material change took place on February 11, 2014.

Item 3            Press Release

A press release describing the material change was disseminated by Marketwired on February 11, 2014, with a further release disseminated on February 18, 2014.

Item 4            Summary of Material Change

Pursuant to an agreement effective as of February 3, 2014, Brownstone agreed to dispose of its interest in the Llanos 27 Project located in the Llanos Basin of Colombia (“**Block 27**”) to Santa Maria Petroleum Inc. Sucursal Colombia for no consideration. Block 27 represents the Company’s remaining interest in Colombia and its remaining oil and gas reserves. As a result of the disposition, which was completed on February 14, 2014, the Company’s “reserves data” contained in its current Form 51-101F1 – *Statement of Reserves Data and Other Oil and Gas Information* for Brownstone’s financial year ended June 30, 2013 would, if brought forward to give effect to the disposition, show nil reserves and related future net revenue for the Company.

Item 5            Full Description of Material Change

Pursuant to an assignment agreement effective as of February 3, 2014, between Brownstone Ventures (Barbados) Inc. Sucursal Colombia, the Colombian branch office of a subsidiary of Brownstone, and Santa Maria Petroleum Inc. Sucursal Colombia, the Colombian branch office of Global Oil and Gas Services Ltd. and a current participant on Block 27, Brownstone agreed to assign all of its 34.25% private participation interest in Block 27 to Santa Maria for no consideration. However, a US\$1.8 million letter of guarantee provided on behalf of Brownstone to the Agencia Nacional de Hidrocarburos, the Colombian government oil and gas agency, would be released as a result of the assignment.

There were no conditions to completion of the disposition of Brownstone’s interest in Block 27, but it was subject to the acceptance for filing of documentation relating to the disposition by the TSX Venture Exchange. The disposition was completed on February 14, 2014 following receipt of the exchange’s acceptance.

Block 27 represented the Company’s remaining interest in Colombia and its remaining oil and gas reserves. As a result of the disposition, the Company’s “reserves data” (i.e., its estimated proved and probable reserves and related future net revenue, for the purposes of National Instrument 51-101 – *Standards of Disclosure for Oil and Gas Activities*) contained in its current Form 51-101F1 –

*Statement of Reserves Data and Other Oil and Gas Information* for Brownstone's financial year ended June 30, 2013 would, if brought forward to give effect to the disposition, show nil reserves and related future net revenue for the Company.

Item 6 Reliance on subsection 7.1(2) 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

Gerry Feldman, Chief Financial Officer of the Company (416.643.3884), is knowledgeable about the disposition and this material change report.

Item 9 Date of Report

Dated this 19<sup>th</sup> day of February, 2014.