

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 September 28, 2014.

Item 3 Press Release

A press release describing the material change was disseminated by Marketwired on September 29, 2014.

Item 4 Summary of Material Change

The Gabriella oil and gas license (offshore Israel) in which Brownstone had a 15% interest expired.

Item 5 Full Description of Material Change

On September 28, 2014, the Company was advised by the other participants in the Gabriella oil and gas license, offshore Israel, that the Petroleum Commissioner in the Ministry of National Infrastructure, Energy and Water of the State of Israel provided notice that the Gabriella license expired, without a further extension being granted, due to the milestones in the work program not being achieved. Brownstone had a 15% interest in the license.

The Gabriella license had previously been extended to September 1, 2014, with the corresponding work program requiring the license participants to (i) submit a request to the Ministry for approval of a new operator that complied with Ministry regulations by February 28, 2014, (ii) execute a drilling contract by April 30, 2014, (iii) complete an Anisotropic PSDM and coherent sub-surface model by July 31, 2014, and (iv) spud a well by August 31, 2014. None of the milestones under the work program were met.

Brownstone was also advised that the Ministry had provided notice that the Yam Hadera license, in which the Company has an option to acquire a 10% interest, expired for the same reasons. Brownstone had not incurred any costs in respect of the option.

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 expiry of the Gabriella license and this material change report.

Item 9 Date of Report

Dated this 6th day of October, 2014.