

RUSSELL BREWERIES INC.

FORM 51-102F3

MATERIAL CHANGE REPORT

- Item 1.** **Name and Address of Company**
Russell Breweries Inc., (the “**Company**”) #202 - 13018 80th Avenue
Surrey, British Columbia, V3W 2B2
- Item 2.** **Date of Material Change**
December 23, 2011.
- Item 3.** **News Release**
A news release disclosing the material change was issued through Marketwire in Vancouver, British Columbia, on December 23, 2011 and filed on SEDAR.
- Item 4.** **Summary of Material Change**
Russell announced that, subsequent to its news release of November 22, 2011, it has amended the non-brokered private placement by offering units (the “**Units**”) instead of common shares in the capital of Russell. The Company has arranged a non-brokered private placement, on a best efforts basis, for up to 10,000,000 Units, at a price of \$0.05 per Unit, to raise gross proceeds of up to \$500,000. Each Unit will consist of one Common Share and one half of one non-transferable share purchase warrant.
- Item 5.** **Full Description of Material Change**

Russell announced that, subsequent to its news release of November 22, 2011 and subject to regulatory approval, it has amended the private placement by offering units (the “**Units**”) instead of common shares (the “**Common Shares**”) in the capital of the Company. The Company has arranged a non-brokered private placement, on a best efforts basis, for up to 10,000,000 Units, at a price of \$0.05 per Unit, to raise gross proceeds of up to \$500,000. Each Unit will consist of one Common Share and one half of one non-transferable share purchase warrant (“**Warrant**”). Each whole Warrant will entitle the holder to purchase one additional Common Share at a price of \$0.10 for a period of one year from closing the private placement (the “**Private Placement**”) of Units. The term of the Warrants is subject to an acceleration right at the option of the Company, provided that the Common Shares trade at or above a weighted average of \$0.15 for 10 consecutive trading days and the Company has provided Warrant holders with 30 days prior written notice of the accelerated exercise date.
- The Private Placement will be conducted in reliance upon certain prospectus and registration exemptions. The securities issued pursuant to the Private Placement will be subject to a hold period of four months and one day in compliance with applicable

securities laws and the rules of the TSX Venture Exchange. The net proceeds from the Private Placement will be used for general working capital requirements.

Russell may pay finder's fees and commissions in connection with the Private Placement in accordance with the policies of the TSX Venture Exchange.

Certain directors and officers of the Company may acquire Units under the Private Placement. Any such participation would be considered to be a "related party transaction" as defined under Multilateral Instrument 61-101 ("**MI 61-101**"). The transaction will be exempt from the formal valuation and minority shareholder approval requirements of **MI 61-101** as neither the fair market value of any units issued to, nor the consideration paid by, such persons will exceed 25% of the Company's market capitalization.

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

Confidentiality is not requested.

Item 7. Omitted Information

No information has been omitted in respect of the material change.

Item 8. Executive Officer

Brian Harris,
Chief Executive Officer
Tel: (778) 846-2335
Fax: (604) 599-1048

Item 9. Date of Report

December 30th, 2011.