

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**
April 2, 2013.
- Item 3.** **News Release**
A news release disclosing the material change was issued through Marketwire in Vancouver, British Columbia, on April 5, 2013.
- Item 4.** **Summary of Material Change**
The Company announced that, pursuant to an exchange agreement (the "**Exchange Agreement**") dated for reference as of March 31, 2008, between the Company, Russell Brewing Company Ltd. ("**Subco**"), and holders (the "**Investors**") of Class A Exchangeable Non-Voting Preferred Shares (the "**Exchangeable Shares**") in the capital of Subco, the Company exercised its right (the "**Exchange Right**") to purchase the Exchangeable Shares from the Investors. The Company advised that it was entitled to exercise the Exchange Right and purchase the Exchangeable Shares without any further action required on the part of the Investors.
- Item 5.** **Full Description of Material Change**
The Company announced that, pursuant to an exchange agreement (the "**Exchange Agreement**") dated for reference as of March 31, 2008, between the Company, Russell Brewing Company Ltd. ("**Subco**"), and holders (the "**Investors**") of Class A Exchangeable Non-Voting Preferred Shares (the "**Exchangeable Shares**") in the capital of Subco, the Company exercised its right (the "**Exchange Right**") to purchase the Exchangeable Shares from the Investors. The Company advised that it was entitled to exercise the Exchange Right and purchase the Exchangeable Shares without any further action required on the part of the Investors.
- As per the exchange ratio stipulated in the Exchange Agreement, each Exchangeable Share is exchangeable for 22.67 common shares (the "**Common Shares**") in the capital of the Company. The Company has issued, as fully paid and non-assessable shares of the Company, an aggregate of 1,541,560 Common Shares to the Investors, in order to purchase an aggregate of 68,000 Exchangeable Shares held by the Investors (the "**Exchange**"). Certificates registered in the names of the Investors, representing the aggregate number of Common Shares deliverable by the Company in payment for the Exchangeable Shares, have been couriered to the Investors. The 68,000 Exchangeable Shares were issued to Investors pursuant to a brokered private placement (the "**Private Placement**") announced on March 5th, 2008, at a

price of \$10.00 per Exchangeable Share, for gross proceeds of \$680,000. The Private Placement was offered in connection with the Province of British Columbia's Equity Capital Program (the "**Program**"). Residents of British Columbia investing in a company registered under the Program were eligible for a tax credit of up to 30% of their investment.

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**
April 8, 2013.