

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**
May 17, 2013.
- Item 3.** **News Release**
A news release disclosing the material change was issued through Marketwire in Vancouver, British Columbia, on May 17, 2013.
- Item 4.** **Summary of Material Change**
The Company announced it closed the non-brokered private placement (the "Private Placement") of units announced previously on March 18, 2013.
- Item 5.** **Full Description of Material Change**
Under the Private Placement, the Company issued 9,640,000 units (the "Units") at a purchase price of \$0.05 per Unit, for aggregate gross proceeds of \$482,000.00. Each Unit is comprised of one common share ("Common Share") in the capital of the Company, and one non-transferable share purchase warrant ("Warrant"). Each Warrant entitles the holder to purchase one additional Common Share at a price of \$0.10 for a period of two years from closing the Private Placement. The term of the Warrants is subject to an acceleration right at the option of the Company, provided that the daily volume-weighted average trading price of the Common Shares is \$0.15 or higher for at least 10 consecutive trading days and the Company has provided Warrant holders with 30 days prior written notice of the accelerated exercise date.
- The securities issued pursuant to the Private Placement will be subject to a hold period of four months and one day from the date of issue 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.
- Certain directors and officers of the Company have acquired Units under the Private Placement. Any such participation is considered to be a "related party transaction" as defined under Multilateral Instrument 61-101 ("MI 61-101"). The transaction is 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 exceeds 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

May 21, 2013.