



## **RUSSELL BOARD UNANIMOUSLY RECOMMENDS SHAREHOLDERS REJECT PREMIER'S UNFAIR HOSTILE PARTIAL OFFER**

FOR IMMEDIATE RELEASE

**Directors, Officers and Shareholders of Russell holding 33% of the Russell Shares (on a fully diluted basis) have advised Russell that they WILL NOT TENDER to the Partial Offer.**

**VANCOUVER, Canada – July 9, 2015** - Russell Breweries Inc. (TSX-V:RB) ("**Russell**" or the "**Company**") announces that the Board of Directors of Russell has unanimously recommended that Russell shareholders (the "**Shareholders**") **REJECT** the unfair partial offer of Premier Diversified Holdings Inc. ("**Premier**") to acquire up to 51% of the outstanding common shares of Russell (the "**Partial Offer**") on the basis that the Partial Offer is unfair, inadequate, coercive and opportunistic.

Benjamin Li Yu, a director and the Chief Executive Officer of Russell, said regarding the Partial Offer: "The hostile offer is inadequate and does not reflect the true value of Russell. The consideration offered are shares in a non-profitable investment company and, if successful, the offer would leave shareholders in a minority position in Russell and/or Premier, both of which would be controlled by a management team with no experience in the brewing industry and no track record of success. Our Board rejects this unfair, inadequate, non-cash bid and unanimously recommends that our shareholders not tender their common shares."

**THE BOARD OF RUSSELL URGES THE SHAREHOLDERS TO REJECT THE PARTIAL OFFER BY  
SIMPLY TAKING NO ACTION AND NOT TENDER THEIR SHARES**

In making this recommendation, the Board considered a number of factors including the following:

- **The consideration under the Partial Offer is not cash and the stated premium is overestimated and not reflective of the real value of Premier's shares or Russell.**

No cash is being offered under the Partial Offer and the value of the consideration offered is based entirely on the value of Premier's shares (the "**Premier Shares**"), which trade at low volumes and at a market value that the Company believes is above the financial fundamentals.

- **The Unfairness Opinion from Evans & Evans, Inc., financial advisors of Russell, concludes that, from a financial point of view, the terms of the Partial Offer are not fair to the Shareholders.**
- **The Partial Offer is inherently coercive and opportunistic.**

Premier is only offering to acquire up to 51% of the Russell Shares. Take-over bids for less than all of the outstanding shares often result in shareholders feeling compelled to tender shares even

if the offer is inadequate out of concern that the shareholders will be left with a minority investment reflective of a minority discount.

- **Premier is attempting to gain control of Russell without paying Shareholders an appropriate premium.**
- **The Board of Directors has been, and intends to continue, pursuing value-maximizing alternatives that may be superior to the Partial Offer.**

Since the end of 2014, the Company has been considering various strategic transactions, including engaging in negotiations with several third parties. If the Partial Offer is successful, Russell will likely be unable to continue to explore available alternatives which may be superior to the Partial Offer with a controlling shareholder.

- **Directors, officers and other Shareholders holding approximately 33% of the outstanding Russell Shares (on a fully diluted basis) have advised the Company that they will not tender their Russell Shares to the Partial Offer.**
- **The disclosure in Premier's bid circular is inadequate and includes misrepresentations.**

Premier's bid circular fails to articulate any specific plans or initiatives for Russell or Premier following the Partial Bid, which is particularly important as Shareholders will retain a minority stake in Russell and/or Premier.

- **Shareholders will lose all or part of their investment in Russell, a revenue producing and currently profitable company, to become a shareholder of an unregulated "blind pool" with no track record and current significant losses.**

Since current management and the board were named in September 2013, Russell has experienced positive and profitable results. In addition, as announced on July 6, 2015, Russell has entered into loan agreements in respect of new financing that Russell expects will further strengthen its balance sheet. Premier only recently completed a change of business to an "investment company", which has little disclosure on its investment policies and guidelines and is currently experiencing significant losses.

- **The Partial Offer is lose-lose for Russell and the Shareholders because it will result in the Shareholders being in a minority position in Russell and/or Premier, both of whom will be controlled by Corner Market Capital Corp., a company with no track record of success.**

If the Partial Bid is successful, Shareholders will be in a minority position in Russell and/or Premier with Corner Market Capital Corp. as the controlling shareholder. If in a minority position, Shareholders would have little opportunity to effect change in either Premier or Russell and the trading price and liquidity of the Russell Shares and the Premier Shares may be adversely affected.

- **The Partial Offer is highly conditional.**

Due to the highly subjective conditions which must be satisfied or waived before Premier is obligated to acquire the Russell Shares under the Partial Bid, in effect, Premier has an option to decline to proceed with the Partial Offer in its sole discretion.

The Board of Director's recommendation to Shareholders to **REJECT** the Partial Offer and **NOT TENDER** their Russell Shares, along with further discussion regarding the reasons for rejection of the Partial Offer, will be contained in Russell's Directors' Circular, which will be mailed to the Shareholders and filed with the Canadian securities regulatory authorities. Shareholders are advised to read the Directors' Circular carefully and in its entirety. The Directors' Circular will also be available on SEDAR at [www.sedar.com](http://www.sedar.com) under Russell's profile and on Russell's website at [www.russellbeer.com](http://www.russellbeer.com).

The Company also announces that it has applied to the British Columbia Securities Commission for the Partial Offer to be cease traded on the basis that the Partial Offer has not been made for 100% of the issued Russell Shares as required under the pre-integration rules.

Any inquiries concerning the Board's recommendation, including requests for obtaining the Directors' Circular, should be directed to the Company's Information Agent, Laurel Hill Advisory Group, at one of the numbers below.

**Contact:**

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**About Russell Breweries Inc.**

Russell Breweries Inc. is a leading Western Canadian brewer. It brews, markets, sells and distributes a diverse portfolio of award winning beers that are produced by its wholly owned regional breweries: Russell Brewing Company in British Columbia and Fort Garry Brewing Company in Manitoba. Both breweries are dedicated to producing high quality, flavourful ales and lagers. Russell Breweries Inc. is publicly listed on the TSX Venture Exchange (TSX-V:RB).

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**Forward Looking Statements**

*This release includes certain statements that, to the extent they are not statements of historical fact, constitute forward-looking information and forward-looking statements which reflect the current view of Russell with respect to the Company's objectives, plans, goals, strategies, future growth, results of operations, financial and operating performance and business prospects and opportunities.*

*Wherever used, the words "may", "will", "anticipate", "intend", "expect", "estimate", "plan", "believe" and similar expressions identify forward-looking statements and forward-looking information. Forward-looking*

*statements and forward-looking information should not be read as guarantees of future events, performance or results, and will not necessarily be accurate indications of whether, or the times at which, such events, performance or results will be achieved. All of the statements and information in this release containing forward-looking statements or forward-looking information are qualified by these cautionary statements. These forward-looking statements and information include statements regarding future performance of the Company, share values, completion of a strategic transaction and the financing announced on July 6, 2015, expected sales and production volumes and costs, possible expansion of the facilities of the Company and supply and demand for the Company's products, and intentions of directors, officers and Shareholders not to tender to the Partial Offer.*

*Forward-looking statements and forward-looking information are based on information available at the time they are made, underlying estimates and assumptions made by management and management's good faith belief with respect to future events, performance and results, and are subject to inherent risks and uncertainties surrounding future expectations generally. Actual results and developments are likely to differ, and may differ materially, from those expressed or implied by the forward-looking statements and forward-looking information contained in this release. Such risks and uncertainties include, but are not limited to the satisfaction or waiver of the conditions to the Partial Offer, the extent to which Shareholders determine to tender their Russell Shares to the Partial Offer, ability to complete the financing announced on July 6, 2015, ability to negotiate and complete and strategic transaction, the costs to the Company with respect to the Partial Offer, competition with its main competitors in the Canadian brewing industry, government regulation of the Company's business, state of the public markets, global economic conditions, the exposure to commodity price risk with respect to agricultural and other raw materials used to produce the Company's products, dependence of key personnel, hazards and liability risks faced by all brewers, competitors developing beers of the same or similar tastes and qualities to the Company's beers the seasonal nature of the alcoholic beverage industry, changes in customer demand, preferences and attitudes, and the ability to protect the intellectual property rights of the Company, among other things.*

*Russell cautions readers that this list of factors is not exhaustive and that should certain risks or uncertainties materialize, or should underlying estimates or assumptions prove incorrect, actual events, performance and results may vary significantly from those expected. There can be no assurance that the actual results, performance, events or activities anticipated by the Company will be realized or, even if substantially realized, that they will have the expected consequences to, or effects on, the Company. Readers are urged to consider these factors carefully in evaluating forward-looking information and forward-looking statements and are cautioned not to place undue reliance on any forward-looking information or forward-looking statements.*

*The forward-looking statements and forward-looking information are made as of the date hereof, and the Company disclaims any obligation to update any such factors or to publicly announce the result of any revisions to any of the forward-looking statements and forward-looking information contained herein to reflect future results, events or developments. You should also carefully consider the matters discussed under "Risk Factors" in the Company's management's discussion and analysis filed on SEDAR at [www.sedar.com](http://www.sedar.com).*

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