



DIRECTORS' CIRCULAR

Recommending

REJECTION

of the Unfair Partial Offer

by

Premier Diversified Holdings Inc.

to purchase up to 51% of the Common shares of Russell Breweries Inc.

REJECT THE HOSTILE OFFER AND DO NOT TENDER YOUR RUSSELL SHARES

This document is important and requires your immediate attention. If you are in doubt as to how to deal with it, you should consult your investment dealer, stockbroker, bank manager, lawyer or other professional adviser. Inquiries concerning the information in this document should be directed to Laurel Hill Advisory Group, the information agent retained by the Company, toll free in North American at 1-877-452-7184, collect outside of North America at 416-304-0211 or by email at assistance@laurelhill.com.



July 9, 2015

DIRECTORS' CIRCULAR

Recommending

REJECTION

of the Partial Offer by

Premier Diversified Holdings Inc.
("Premier" or the "Offeror")

to purchase up to 51% of the outstanding Common shares of

Russell Breweries Inc.
("Russell" or the "Company")

**on the basis of one Common share of Premier (the "Premier Shares")
for each 2.5 Common shares of Russell (the "Russell Shares")**

The Board of Directors of Russell **UNANIMOUSLY** recommends that shareholders of Russell **REJECT** the Partial Offer and **NOT TENDER** their Russell Shares.

THE PARTIAL OFFER IS UNFAIR, INADEQUATE, COERCIVE AND OPPORTUNISTIC

The Board of Directors of Russell believe that Premier has included significant misrepresentations in its Bid Circular, including inadequate information about Premier, its business and the value of the Premier Shares.

REJECT THE HOSTILE OFFER AND DO NOT TENDER YOUR RUSSELL SHARES

NO NEED FOR IMMEDIATE ACTION

The Partial Offer is scheduled to expire at 5:00 p.m. (EDT) on August 4, 2015 and is subject to a number of conditions that may never be satisfied.

The Board of Directors recommends that you do not take any action to ensure that you are able to consider all of the options available to you.

If you have already tendered your Russell Shares to the Partial Offer, you should **WITHDRAW** them. If you require further information on how to withdraw your Russell Shares, you are encouraged to contact our Information Agent, Laurel Hill Advisory Group as described below.

**QUESTIONS MAY BE DIRECTED
TO THE INFORMATION AGENT:**



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REJECT THE HOSTILE OFFER AND DO NOT TENDER YOUR RUSSELL SHARES



July 9, 2015

Dear Fellow Russell Shareholder:

On June 26, 2015, Premier Diversified Holdings Inc. (“**Premier**”) commenced an unsolicited hostile offer (the “**Partial Offer**”) to purchase up to 51% of the common shares of Russell (the “**Russell Shares**”) on the basis of one Common share of Premier (the “**Premier Shares**”) for each 2.5 Russell Shares.

You can expect to receive, or have already received, materials from Premier asking you to tender your Russell Shares to the Partial Offer which expires, unless extended, at 5:00 p.m. (EDT) on August 4, 2015.

Your Board of Directors, in response to the Partial Offer, has carefully reviewed and considered the Partial Offer and, based on that review, the Board of Directors has **UNANIMOUSLY** concluded that the Partial Offer is inadequate and not in the best interests of Russell or the shareholders of the Company other than Premier and its joint actors (the “**Independent Shareholders**”). We urge you to **REJECT** this unfair Partial Offer and **NOT TENDER** your Russell Shares. Any shareholder who has tendered his or her Russell Shares to the Partial Offer should **WITHDRAW** those shares immediately.

The only consideration offered under the Partial Offer is Premier Shares, which are significantly less liquid than the Russell Shares and have an uncertain value. The Board of Directors believes that the premium stated by Premier is overstated and does not reflect the real value of the Premier Shares or Russell Shares. Shareholders would lose their investment in a revenue producing, profitable company to become a shareholder in an unprofitable investment company. In addition, if the Partial Offer is successful, the Independent Shareholders would become minority shareholders in Russell and/or Premier, both of which would be controlled by Corner Market Capital Corp., a company with no experience in the brewing industry and no track record of success.

The recommendation of the Board of Directors is also supported by an opinion from Russell’s financial advisors, Evans & Evans, Inc., that the terms of the Partial Offer are not fair, from a financial point of view, to Independent Shareholders as of the date of such opinion (the “**Unfairness Opinion**”).

In addition to the above, and as described in greater detail in the Directors' Circular, the Board of Directors cited numerous reasons for its unanimous recommendation that Independent Shareholders reject the Partial Offer, including that:

- the consideration under the Partial Offer is not cash and the stated premium is overestimated and not reflective of the real value of the Premier Shares or Russell;
- the Unfairness Opinion concludes that, from a financial point of view, the terms of the Partial Offer are not fair to the Independent Shareholders;
- the Partial Offer is inherently coercive and opportunistic;
- Premier is attempting to gain control of Russell without paying Independent Shareholders an appropriate premium;

<u>REJECT THE HOSTILE OFFER AND DO NOT TENDER YOUR RUSSELL SHARES</u>
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- the Board of Directors has been, and intends to continue, pursuing value-maximizing alternatives that may be superior to the Partial Offer;
- directors, officers and other Independent Shareholders holding approximately 33% of the outstanding Russell Shares (on a fully diluted basis) have advised the Company that they will not tender to the Partial Offer;
- the disclosure in Premier's Bid Circular is inadequate and includes misrepresentations;
- 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;
- the Partial Offer is lose-lose for Russell and the Independent Shareholders because it will result in the Independent 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;
- Premier may be subject to substantial further regulation as an "Investment Fund";
- Premier Shares are listed on the Canadian Stock Exchange and are less liquid than the Russell Shares; and
- the Partial Offer is highly conditional.

The attached Directors' Circular explains in detail the background to and reasons for the Board of Directors' recommendation. We strongly encourage you to read the Directors' Circular in its entirety, in particular the "*Recommendation of the Board of Directors*" and "*Background to the Partial Offer*", and consider all these points carefully. We expect to provide our shareholders with important additional information in the weeks ahead, and recommend that Shareholders **NOT TENDER** their Russell Shares to the Partial Offer.

I am confident that you will conclude, as we have, that the Partial Offer falls significantly short of providing fair value to our shareholders. Russell's directors and senior officers and certain shareholders, who collectively hold 33% of the outstanding Russell Shares on a fully diluted basis, have advised the Board of Directors that they do not intend to tender their Russell Shares to the Partial Offer.

For the above reasons, we urge you to **REJECT** the Partial Offer and **NOT TENDER** your Russell Shares. If you have tendered your Russell Shares, you can withdraw them. For assistance in withdrawing your Russell Shares, you can contact your broker or our Information Agent, Laurel Hill Advisory Group, at one of the numbers below. In addition, all inquiries concerning the information in this document should be directed to our Information Agent, Laurel Hill Advisory Group, by telephone at: 1-877-452-7184 (North American Toll Free) or 416-304-0211 (Bank Brokers or Collect Calls); or by email at: assistance@laurelhill.com.

On behalf of the Board of Directors, I would like to thank you for your continued support.

Sincerely,

"(Benjamin) Li Yu"

(Benjamin) Li Yu
Director and Chief Executive Officer

<u>REJECT THE HOSTILE OFFER AND DO NOT TENDER YOUR RUSSELL SHARES</u>
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<u>REJECT</u> THE HOSTILE OFFER AND <u>DO NOT</u> TENDER YOUR RUSSELL SHARES

QUESTIONS AND ANSWERS ABOUT THE PARTIAL OFFER

IS THE PARTIAL OFFER CONSIDERED HOSTILE?

YES. In a friendly merger, the two companies work together to come to an agreement that would enhance shareholder value. The Partial Offer, however, is unsolicited and should be considered a hostile bid.

Moreover, the Partial Offer is **UNFAIR, INADEQUATE, COERCIVE AND OPPORTUNISTIC**. The Board of Directors of Russell believe that the Offeror has included misrepresentations in its Bid Circular, including inadequate information about Premier, its business and the value of the Premier Shares.

SHOULD I ACCEPT OR REJECT THE PARTIAL OFFER?

The Board of Directors **UNANIMOUSLY** recommends that shareholders of the Company (the “**Shareholders**”) **REJECT** this hostile Partial Offer and **NOT TENDER** their Russell Shares. The Board of Directors of the Company has been, and intends to continue, pursuing and evaluating various alternative strategic transactions, which may be superior to the Partial Offer in providing value to the Shareholders other than Premier and its joint actors (the “**Independent Shareholders**”) and in the best interests of the Company and the Shareholders.

HOW DO I REJECT THE PARTIAL OFFER?

YOU DO NOT NEED TO DO ANYTHING. DO NOT TENDER your Russell Shares. **DO NOT COMPLETE** any of the documents (Letter of Transmittal, Notice of Guaranteed Delivery, etc.) forwarded to you by or on behalf of Premier.

CAN I WITHDRAW MY RUSSELL SHARES IF THEY HAVE ALREADY BEEN DEPOSITED?

YES. If you have already tendered your Russell Shares to the Partial Offer and wish to **WITHDRAW** your Russell Shares, then the Company recommends that you contact your broker or dealer or contact Laurel Hill Advisory Group, the information agent retained by the Company, at:

**NORTH AMERICAN TOLL-FREE
1-877-452-7184
Banks Brokers or Collect Calls: 416-304-0211
Email: assistance@laurelhill.com**

You can withdraw your Russell Shares at any time before the Russell Shares have been taken up by the Offeror. In addition, you may be able to withdraw your Russell Shares in certain circumstances if there is a variation of the terms of the Partial Offer, if there is a notice of change relating to a change which has occurred in the Bid Circular, or if your Russell Shares have not been paid for by the Offeror within three business days after having been taken up.

WHY DOES THE BOARD OF RUSSELL BELIEVE THAT THE PARTIAL OFFER SHOULD BE REJECTED?

The Board of Directors believes that the Partial Offer is unfair, inadequate, coercive and opportunistic. The following is a brief summary of the principal reasons for the **UNANIMOUS** recommendation of the Board of Directors to the Shareholders that they **REJECT** the Partial Offer and **NOT TENDER** their Russell Shares:

- the consideration under the Partial Offer is not cash and the stated premium is overestimated and not reflective of the real value of the Premier Shares or Russell;
- the Unfairness Opinion concludes that, from a financial point of view, the terms of the Partial Offer are not fair to the Independent Shareholders;

<u>REJECT</u> THE HOSTILE OFFER AND <u>DO NOT</u> TENDER YOUR RUSSELL SHARES

- the Partial Offer is inherently coercive and opportunistic;
- Premier is attempting to gain control of Russell without paying Independent 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;
- directors, officers and other Independent Shareholders holding approximately 33% of the outstanding Russell Shares (on a fully diluted basis) have advised the Company that they will not tender to the Partial Offer;
- the disclosure in Premier's Bid Circular is inadequate and includes misrepresentations;
- 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;
- the Partial Offer is lose-lose for Russell and the Independent Shareholders because it will result in the Independent 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;
- Premier may be subject to substantial further regulation as an "Investment Fund";
- Premier Shares are listed on the Canadian Stock Exchange and are less liquid than the Russell Shares;
- the Partial Offer is highly conditional; and
- the Partial Offer is not a "Permitted Bid" under the Company's Shareholder Rights Plan.

The reasons for the unanimous recommendation of the Board of Directors is included on pages 12 to 18 of this Directors' Circular under the Section entitled "Reasons for REJECTION".

WHAT IS THE BOARD OF DIRECTORS DOING IN RESPONSE TO THE PARTIAL OFFER?

The Board of Directors of the Company has been, and intends to continue, pursuing and evaluating various alternative strategic transactions, which may be superior to the Partial Offer in providing Shareholder value and in the best interests of the Company and the Shareholders. As more particularly described in the section "*Background*", since the end of 2014, the Company has been considering specific opportunities, including negotiating with third parties regarding the possibility of completing a transaction with the Company. If the Partial Offer is successful, the Board of Directors, management and its legal and financial advisors will likely be unable to continue to fully explore available alternatives that may preclude financially superior transactions from emerging, and third parties will be deterred from participating in any discussions with the Company when the Company has a significant controlling shareholder.

DO I HAVE TO DECIDE NOW?

NO. You do not have to take any action at this time. The Partial Offer is scheduled to expire at 5:00 p.m. (EDT) on August 4, 2015 and is subject to a number of conditions that have yet to be satisfied. The Board of Directors recommends that you **NOT TAKE ANY ACTION** until closer to the expiry date of the Partial Offer to ensure that you are able to consider all of the options available to you and do not preclude the possibility of a superior transaction emerging.

<u>REJECT THE HOSTILE OFFER AND DO NOT TENDER YOUR RUSSELL SHARES</u>
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If you have already tendered your Russell Shares to the Partial Offer and you decide to **WITHDRAW** these Russell Shares from the Partial Offer, you must allow sufficient time to complete the withdrawal process prior to the expiry of the Partial Offer. For more information on how to withdraw your Russell Shares, you should contact your broker or dealer, or contact Laurel Hill, the Company's Information Agent, at the number below.

**QUESTIONS MAY BE DIRECTED
TO THE INFORMATION AGENT:**



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FORWARD LOOKING STATEMENTS AND INFORMATION

The accompanying Circular may contain 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 Circular 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 BDC Refinancing, 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 Circular. 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 BDC Financing, ability to negotiate and complete a strategic transaction, the costs to the Company with respect to this 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.

CURRENCY

Unless otherwise stated, references to "dollars" and "\$" in this Circular are to Canadian dollars.

REJECT THE HOSTILE OFFER AND DO NOT TENDER YOUR RUSSELL SHARES

NOTICE TO FOREIGN SHAREHOLDERS

Russell Breweries Inc. (“**Russell**” or the “**Company**”) is a reporting issuer in Canada under the securities laws of the provinces of British Columbia, Alberta, Manitoba and Ontario and has prepared this Circular in accordance with the disclosure requirements applicable in such provinces.

This document does not constitute an offer or a solicitation to any person in any jurisdiction in which such offer or solicitation is unlawful. The distribution of the Partial Offer by the Offeror may, in some jurisdictions, be restricted by law or regulation. Accordingly, persons who come into possession of the Partial Offer should seek advice in respect of and observe any such restrictions. The Company assumes no responsibility for any violation of the securities laws of any of those jurisdictions.

AVAILABILITY OF DISCLOSURE DOCUMENTS

Russell is a reporting issuer in the provinces of British Columbia, Alberta, Manitoba, and Ontario and files continuous disclosure documents with the regulatory authorities in those provinces. Those documents are available on SEDAR at www.sedar.com under the Company’s name.

<u>REJECT</u> THE HOSTILE OFFER AND <u>DO NOT</u> TENDER YOUR RUSSELL SHARES

THE COMPANY

This Circular was prepared by the Board of Directors of Russell and is being furnished in connection with the unsolicited partial offer by Premier Diversified Holdings Inc. (“**Premier**” or the “**Offeror**”) to purchase up to 51% of the issued and outstanding Russell Shares for consideration of one Common share of Premier (a “**Premier Share**”) for each 2.5 Russell Shares in the capital of Russell, upon the terms and subject to the conditions set forth in Premier’s Offer to Purchase dated June 26, 2015 (the “**Partial Offer**”) and accompanying Bid Circular dated June 26, 2015 (the “**Bid Circular**”).

The Company

The Company was incorporated under the *Company Act* (British Columbia) on March 23, 2000. On March 29, 2005, the Company transitioned under the *Business Corporations Act* (British Columbia), which replaced the *Company Act* (British Columbia). The Company’s registered and records office is located at 2900 – 550 Burrard Street, Vancouver, BC, Canada V6C 0A3 and its head office is located at Suite 202 – 13018 80th Avenue, Surrey, BC V3W 3A8.

Business of the Company

Through its wholly-owned subsidiary Fort Garry Brewing Company Ltd., the Company brews, markets, sells and distributes a diverse portfolio of award winning beers that are produced by its wholly owned regional breweries: Russell Brewing Company (“**RBC**”) in British Columbia and Fort Garry Brewing Company (“**Fort Garry**”) in Manitoba. Fort Garry, founded in 1930 and acquired by Russell in 2007, is Manitoba’s oldest and largest brewer and distributor of premium quality beers. RBC has been brewing 100% natural craft beer with no preservatives and not pasteurized since 1995. The Company’s operations include production facilities in Surrey, British Columbia and Winnipeg, Manitoba, corporate offices in Surrey, British Columbia, storage facilities, brewing equipment, and delivery and sales vehicles. Both breweries produce a variety of limited and seasonal products in addition to their main product lines including: Russell Cream Ale, Russell Pale Ale, Russell Extra Special Lager, Russell IP’eh! India Pale Ale, A Wee Angry Scotch Ale, Blood Alley Bitter, Rocky Mountain Pilsner, Eastern Promises Czech Pilsner, Hop Therapy India Session Ale, Fort Garry Dark Ale, Fort Garry Pale Ale, Fort Garry Premium Light, Fort Garry Red and Stone Cold Lager.

The authorized capital of the Company consists of an unlimited number of Russell Shares. As at the date of this Circular, the Company has 87,083,788 Russell Shares issued and outstanding.

As of the date of this Circular, the Company has 4,000,000 warrants outstanding, each such warrant exercisable to purchase one Russell Share at an exercise price of \$0.05 per Share until December 31, 2015.

As of the date of this Circular, the Company has 4,600,000 options outstanding with exercise prices ranging from \$0.07 to \$0.10 per Russell Share, all of which were granted under the Company’s stock option plan that allows for the grant of options to directors, officers, employees and consultants of the Company for the purchase of up to 10% of the issued and outstanding Russell Shares.

THE PARTIAL OFFER

The consideration under the Partial Offer consists of one Premier Share for each 2.5 Russell Shares. The Partial Offer is subject to multiple conditions, including, among others:

- (a) Premier will have determined in its reasonable discretion that no shareholder rights plan or similar plan exists, or any such plan that does exist does not and will not adversely affect the Partial Offer or Premier either before, on or after consummation of the Partial Offer;
- (b) all Shareholder approvals and third-party consents that are necessary or advisable to complete the Partial Offer will have been obtained or concluded or, in the case of waiting or suspensory periods,

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expired or been waived or terminated, each on terms and conditions satisfactory to the Offeror in its reasonable discretion;

- (c) the party to the lock up agreement, MPIC Canadian Limited Partnership, which is indirectly owned by a company that Sanjeev Parsad, the President, CEO and a director of Premier, and Alnesh Mohan, a director of Premier, are majority shareholders and directors and officers, has complied with the lock up agreement and such lock up agreement will not have been terminated;
- (d) Premier will have determined in its reasonable judgment that no material adverse effect in respect of Russell will have occurred since the date of the Partial Offer or occurred prior to the date of the Partial Offer which was not disclosed at the date of the Partial Offer;
- (e) Premier will have determined in its reasonable judgment that the consummation of the Partial Offer could not reasonably be expected to have a material adverse effect on Russell (on a consolidated basis) or Premier;
- (f) there will not have occurred, developed or come into effect or existence after the date of the Partial Offer any occurrence of any nature whatsoever, which, in the judgment of Premier, acting reasonably, adversely affects or involves, or could reasonably be expected to adversely affect or involve, the financial, banking or commodity markets in Canada, the United States or internationally generally, or the financial condition, business, operations, assets, affairs or prospects of Premier or Russell or any of their respective subsidiaries, in each case unless the same is acceptable to Premier in its judgment, acting reasonably;
- (g) Premier will have determined in its judgment, acting reasonably, that none of Russell, any of its subsidiaries or any third party has taken or proposed to take any action, or failed to take any action, or disclosed an action or event that was not previously disclosed, which might make it inadvisable for Premier to proceed with the Partial Offer or take up and pay for the Russell Shares under the Partial Offer; and
- (h) Russell will not have entered into or effectuated any other agreement or transaction with any person which was not disclosed prior to the date of the Partial Offer and having the effect of impairing the Offeror's ability to acquire Russell Shares pursuant to the Partial Offer, or materially diminishing in any manner the expected economic value to the Offeror of the acquisition of Russell Shares pursuant to the Partial Offer.

The expiry time of the Partial Offer is stated to be 5:00 p.m. (EDT) on August 4, 2015, unless the Partial Offer is withdrawn or extended. Reference is made to the Partial Offer and the Bid Circular for full details of the additional terms and conditions of the Partial Offer.

There is no need for any action from the shareholders of the Company (the “**Shareholders**”) with respect to the Partial Offer at this time. Any Shareholder other than Premier and its joint actors (the “**Independent Shareholders**”) who, notwithstanding the recommendation of the Board of Directors to **REJECT** the Partial Offer, wish to tender their Russell Shares to the Partial Offer should not take any action until immediately prior to the Expiry Time of the Partial Offer to ensure that they are able to consider all of the options available to them and are able to tender to any higher offer that may emerge after the date hereof.

<p><u>REJECT THE HOSTILE OFFER AND DO NOT TENDER YOUR RUSSELL SHARES</u></p>

BACKGROUND TO THE PARTIAL OFFER

The following is a summary of the background and the chronology of events leading up to the Partial Offer and following the Partial Offer to the date of this Circular. All information below relating to the various purchases of Russell Shares and Premier Shares by Premier and its joint actors has been taken, and relied on by Russell, from publicly available filings and the Bid Circular.

On February 3, 2014 and February 6, 2014, Corner Market Capital Corp. (“**Corner Market**”) filed early warning reports reporting the beneficial acquisition of an aggregate of 5,042,000 Russell Shares at prices of \$0.05 to \$0.06 per Russell Share, following which it owned 12,817,000 Russell Shares, being 16.36% of the outstanding Russell Shares at that time. Corner Market is the sole shareholder of Corner Market Management Inc. (“**CMMI**”) and a 65% shareholder of Corner Market Capital U.S. Inc. (“**CMCUS**”). CMMI is the general partner of MPIC Canadian Limited Partnership (“**MPIC Canada**”) and CMCUS is the general partner of MPIC Fund I, Limited Partnership (“**MPIC LP**”), under which the Russell Shares were registered.

From February 7, 2014 to June 18, 2014, Corner Market continued to acquire in the market and pursuant to a private placement beneficial ownership of an additional 2,757,000 Russell Shares at \$0.06 per Russell Share, with MPIC LP as the registered holder of such Russell Shares.

On each of October 6, 2014 and October 20, 2014, Corner Market filed an early warning report reporting the beneficial acquisition of 8,333,332 and 8,333,333 Premier Shares by way of a private placement for \$0.18 per share, following which it owned 17,706,665 Premier Shares, being 17.40% of the outstanding Premier Shares. The closing price of the Premier Shares was \$0.10 per share two days prior to the date of the announcement of such private placement and \$0.15 per share on the day immediately prior and \$0.205 per share on the day of the announcement. On October 24, 2014, Corner Market filed an early warning report reporting the beneficial acquisition of an additional 28,001,270 Premier Shares by way of a conversion of securities and an exercise of warrants at \$0.05 per share, following which it owned 45,707,935 Premier Shares, being 35.09% of the outstanding Premier Shares. 5,440,228 Premier Shares were registered to MPIC Canada and 40,267,647 Premier Shares were registered to MPIC LP.

In December 2014, the Board of Directors and management of the Company began to discuss and consider internally potential strategic alternatives available to the Company, including the possibility of engaging a financial advisor for assistance.

On February 12, 2015, Andrew Gregory Cooke, Director of Premier and a director and officer of CMCUS, acquired 932,000 Russell Shares at a price of \$0.05 per Russell Share.

On February 13, 2015, following Board approval, the Company formally engaged Evans & Evans, Inc. (“**Evans**”) to provide corporate finance advisory services to assist the Company in exploring strategic options for the Company, including a potential sale of all or part of the Company’s business. Initially, the strategic options included exploring potential transactions with specific targeted parties. This financial advisory engagement with Evans did not involve a success based fee to be paid to Evans, but rather a flat fee for services. On that basis, the Board of Russell has determined that Evans was independent of Russell for the purposes of the Unfairness Opinion.

On March 13, 2015, Benjamin Li Yu, the CEO of the Company, met with Sanjeev Parsad, a director of Corner Market and President and CEO of Premier, with the intent of discussing and seeking their view and support regarding a strategic transaction involving Russell and Corner Market. Any confidential information regarding Russell’s business provided to Corner Market in the context of such discussions could have resulted in Corner Market being restricted from trading in Russell Shares until such information had been publicly disclosed and therefore, Mr. Parsad indicated that Corner Market was not interested in any discussions at such time because Corner Market was not interested in being restricted from trading in Russell Shares. Mr. Li Yu did, however, provide Mr. Parsad with an update on the Company’s operations.

Beginning in March 2015, the Company, together with Evans, engaged in discussions with a number of parties to determine the interest in completing a strategic transaction with the Company. The Company entered into non-

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disclosure agreements with these parties. Following further discussions with some of the parties and initial due diligence, Russell and certain of the parties decided not to proceed as a transaction structure could not be agreed upon.

The Company received on May 12, 2015 a letter from Premier dated May 11, 2015 (the “**Initial Offer Letter**”) which included an initial offer (the “**Initial Offer**”) whereby Premier offered to acquire 51% of the Russell Shares pursuant to a take-over bid on the basis of one Premier Share for each three (3) Russell Shares. The Initial Offer Letter provided that the expiry of such Initial Offer was May 15, 2015 and, if Russell accepted, the definitive agreement was to be completed within 14 days of acceptance. Premier requested exclusivity for a period of 30 days from acceptance of the Initial Offer. The Initial Offer Letter did not contain any disclosure regarding the Offeror, the value of the Premier Shares or Premier’s plans for the future of the Company. The Company also received a request from Premier for a copy of the Company’s registered Shareholders’ list.

On May 14, 2015, the Board of Directors held a meeting to review and consider the Initial Offer from Premier set out in the Initial Offer Letter and determined that insufficient time was provided under the Initial Offer to evaluate the transactions contemplated in the Offer Letter, and that accepting the transactions contemplated were not in the best interest of the Company or the Independent Shareholders.

Mr. Li Yu communicated to Mr. Parsad on May 15, 2015 that the Company was not prepared to proceed with the Initial Offer at that time on the basis that the Board of Directors of the Company did not have sufficient information to consider the Initial Offer and that it was not in the best interests of the Independent Shareholders. Mr. Li Yu further indicated that if Premier would consider providing further information and an alternate transaction structure that included cash, the Company may consider such a proposal.

The Company provided the list of registered Shareholders to Premier on May 25, 2015.

On June 15, 2015, Premier requested an updated Shareholder List and through e-mail correspondence from Mr. Parsad, Premier implied that Premier would be initiating a “take-over bid”. The Company provided the updated Shareholder list to the Offeror on June 16, 2015.

On June 16, 2015, Mr. Parsad called Mr. Li Yu indicating that Premier was about to launch their take-over bid to Shareholders, but was willing to discuss the transaction with the full Board of Directors of the Company. Mr. Parsad further indicated that Premier had “sweetened the deal” and the revised offer would be for one Premier Share for each 2.5 Russell Shares. Mr. Li Yu again reiterated to Mr. Parsad the need for Premier to provide the Company with further information regarding Premier, its future plans and valuation metrics. Mr. Parsad replied indicating that Premier was currently contemplating certain plans and initiatives which had not yet been publicly disclosed that would substantially change the operations of Premier going forward, but that Mr. Parsad could not disclose the details of those initiatives because they had not yet been publicly disclosed.

Mr. Li Yu responded with an e-mail to Mr. Parsad sent on June 18, 2015 reiterating that Premier’s Initial Offer did not provide sufficient detail regarding Premier, its intentions regarding Russell or a valuation to allow Russell’s Board to get comfortable with pursuing the Initial Offer, and therefore on the face of the Initial Offer, it appeared wholly inadequate. Russell confirmed that it had reviewed Premier’s publicly available disclosure record, but because it was so limited, Russell was unable to consider the Initial Offer further without more information. Consequently, Russell requested that Premier reconsider the Initial Offer and provide Russell with further information. In addition, Mr. Li Yu confirmed Mr. Parsad’s previous advice that Premier was contemplating certain plans and initiatives which had not yet been publicly disclosed that would substantially change the operations of Premier going forward. Mr. Li Yu suggested that Russell would be willing to hear more about those plans and initiatives, which would allow Russell to then do some further due diligence on Premier to make a proper recommendation to its Shareholders, including how those plans and initiatives may affect the share consideration being offered under the proposed takeover offer. Mr. Li Yu also indicated the Company’s desire for a face-to-face meeting to discuss the transactions contemplated in the Initial Offer Letter and in particular, to receive more information regarding Premier, its plans and initiatives going forward, Premier’s intentions regarding Russell if such transaction was completed, and a valuation to allow the Board of Directors to evaluate such transactions.

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On June 19, 2015, Mr. Parsad replied to Mr. Li Yu indicating that Premier was unable to coordinate a face-to-face meeting because the Partial Offer would be mailed by early the following week and that representatives from Premier were travelling. He was willing to convene a conference call between the parties, but such a call would need to be held on June 20, 2015 before the representatives of Premier travel to China. No further negotiations between the parties took place until July 7, 2015.

On June 19, 2015, Premier issued a press release indicating that it had entered into purchase agreements to purchase 13,574,000 Russell Shares from MPIC LP and 932,000 Russell Shares from Andrew Cooke on the basis of one Premier Share for each 2.5 Russell Shares sold by such selling shareholders, following which Premier would hold 16.66% of the outstanding Russell Shares (the “**Pre-Offer Share Purchases**”).

On June 22, 2015, Mr. Li Yu and Peter Stafford, a director of the Company, held a conference call with the Company’s financial and legal advisors to discuss the progress on the evaluation of possible strategic transactions and the potential receipt of the Partial Offer from Premier, and the engagement of Evans to assist with a fairness opinion if an offer were to be received from Premier.

On June 24, 2015, two days before the Partial Offer, Premier announced the completion of the Pre-Offer Share Purchases from each of MPIC LP and Andrew Cooke, which represented 100% of the Russell Shares held by each of MPIC LP and Andrew Cooke.

On June 26, 2015, the Company engaged Evans to provide the Unfairness Opinion.

On June 26, 2016, Premier launched the Partial Offer by way of press release, and subsequently filed the Partial Offer, the Bid Circular and other Partial Offer documents on the system for electronic document analysis and retrieval (“**SEDAR**”) under Russell’s profile.

On June 30, 2015, the Company implemented a Shareholder Rights Plan in order to allow the Board of Directors of the Company further time to fully consider the Partial Offer and explore other alternatives to maximize Shareholder value.

On July 2, 2015, Premier announced that it had acquired a further 750,000 Russell Shares for \$0.07 per share in the market, following which it held 17.52% of the outstanding Russell Shares.

The Company announced on July 6, 2015 that the Company and its wholly-owned subsidiary Fort Garry Brewing Company Ltd. had each entered into loan agreements with the Business Development Bank of Canada whereby the Business Development Bank of Canada has agreed to advance \$788,000 and \$250,000 to the Company and Fort Garry Brewing Company Ltd. respectively. The advance of funds under such loan agreements is conditional upon certain conditions as set out in the loan agreements, including each borrower granting a general security interest over their respective assets. The Company intends to use the proceeds of its loan to refinance the Company’s existing debt with debt at substantially lower interest rates. Fort Garry Brewing Company Ltd. intends to use the proceeds of its loan for the purchase of production equipment and to expand operations. (the “**BDC Refinancing**”).

On July 7, 2015, representatives from the Company and Premier, together with their respective legal advisors, discussed the possibility of a settlement arrangement that would involve Premier withdrawing the Partial Offer. The Company, following further internal discussions, decided not to proceed with further negotiations based on proposals presented by Premier.

On July 8, 2015, the Board of Directors met with its financial and legal advisors. Evans presented regarding the Unfairness Opinion, including providing the opinion that, as of July 8, 2015, and based upon and subject to the assumptions, limitations and qualifications set out in the Unfairness Opinion, the terms of the Partial Offer are not fair, from a financial point of view, to the Independent Shareholders. Please see “*Summary of Unfairness Opinion*”. After having received and considered the Unfairness Opinion, and after further discussions including with its legal and financial advisors, based on such advice, review and evaluation, and for the reasons set out in “*Reasons for Rejection*” below, among others, the Board of Directors unanimously determined to recommend that Independent Shareholders reject the Partial Offer and not tender their Russell Shares to the Partial Offer. The Board of Directors

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also resolved to approve the execution and delivery of the Circular to Shareholders and to defer the separation time under the Shareholder Rights Plan until August 3, 2015, or such other date as determined by the Board of Directors.

Also on July 8, 2015, following Russell's Board meeting, a representative from Premier contacted representatives of the Company to again attempt to negotiate terms upon which Premier would withdraw the Partial Offer. Following further discussions, including with its advisors, Russell determined that Premier's final offer was not acceptable on the basis that Premier's intent was to obtain control of Russell.

On July 9, 2015, the Company 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. Under the pre-integration rules applicable to formal take-over bids under applicable Canadian securities laws, if an offeror acquires shares of an issuer within the 90 days prior to the date of a formal take-over bid, such offeror is required to offer to acquire the same percentage of shares from all shareholders of the issuer under the take-over bid. On June 24, 2015, the Offeror acquired 100% of the Russell Shares held by MPIC LP and Andrew Cooke.

RECOMMENDATION OF THE BOARD OF DIRECTORS

Unanimous Recommendation

The Board of Directors has considered the Partial Offer and is **unanimously recommending that Shareholders REJECT the Partial Offer and NOT TENDER their Russell Shares.** Any Shareholder who has tendered its Russell Shares to the Partial Offer should **WITHDRAW** those Russell Shares.

RECOMMENDATION

The Board of Directors of Russell **UNANIMOUSLY** recommends that Shareholders **REJECT** the Partial Offer and **NOT TENDER** their Russell Shares.

THE PARTIAL OFFER IS UNFAIR, INADEQUATE, COERCIVE AND OPPORTUNISTIC

The Board of Directors of Russell believe that Premier has included significant misrepresentations in its Bid Circular, including inadequate information about Premier, its business and the value of the Premier Shares.

THERE IS NO NEED FOR IMMEDIATE ACTION. The Board of Directors recommends that Shareholders not take any action until the Expiry Time of the Partial Offer to ensure that they are able to consider all of the options available to them. However, any Shareholder who has tendered Russell Shares to the Partial Offer should **WITHDRAW** those Russell Shares.

How to REJECT the Partial Offer or WITHDRAW Russell Shares

To **REJECT** the Partial Offer, Shareholders do not need to take any action. If you have already tendered your Russell Shares to the Partial Offer and wish to withdraw you Russell Shares, the Company recommends that you contact your broker or dealer or contact Laurel Hill Advisory Group, the information agent retained by the Company, toll free in North America at 1-877-452-7184, collect outside of North America at 416-304-0211 or by email at assistance@laurelhill.com.

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Reasons for REJECTION

The principal factors considered by the Board of Directors in unanimously recommending to Shareholders that they **REJECT** the Partial Offer and **NOT TENDER** their Russell Shares are as follows:

The consideration under the Partial Offer is not cash and the stated premium is overestimated and not reflective of the real value of the Premier Shares or Russell

The sole consideration offered under the Partial Offer is Premier Shares, the true value of which is uncertain. No cash is being offered by the Offeror under the Partial Offer. The value of the consideration under the Partial Offer is based entirely on the value of the Premier Shares. The Premier Shares appear to be at a market value which is above the financial fundamentals and therefore, there is no assurance the share price of the Premier Shares will be maintained. In addition, Russell believes that the true value of the Russell Shares is above the current market price. Due to the low trading volume of Premier Shares and Russell Shares, their market values can experience significant volatility and consequently, in the Company's view, evaluating market value based on their financial fundamentals is more reliable. While based strictly on current market price, the Partial Offer would represent a premium, Russell believes there would be no premium if viewed on the value of Russell and Premier based on their financial fundamentals.

In October, 2014, Corner Market acquired beneficial ownership of an aggregate 16,666,665 Premier Shares by way of a private placement at \$0.18 per share and acquired beneficial ownership of an additional 28,001,270 Premier Shares by way of a conversion of securities and an exercise of warrants at \$0.05 per share, following which it owned 35.09% of the outstanding Premier Shares. The closing price of the Premier Shares was \$0.10 per share two days prior to the date of the announcement of such private placement and \$0.15 per share on the day immediately prior, which is far below the private placement price of \$0.18 per Premier Share paid by Corner Market. The closing price on the date the private placement was announced was \$0.205 per share. At that time, Premier's sole business was its current medical diagnostics business, where it had sustained continued substantial losses for quite some time. Premier had made no announcements of significant developments in its business at that time to justify such a price increase. The Premier Shares, which are listed on the Canadian Stock Exchange, are therefore more sensitive to sudden price fluctuations because they are less liquid than the Russell Shares. Over the 180 trading days prior to June 26, 2015, total trading volume of Premier was only 4.1% of the outstanding Premier Shares.

Other than Premier Shares acquired by Corner Market upon the sale of Russell Shares to Premier in June, 2015, the average cost base for the Premier Shares indirectly owned by Corner Market is \$0.097 per share. Shareholders who tender their Russell Shares to the Offer will be paying a deemed price of \$0.1625 for Premier Shares based on the market price of the Russell Shares on the day prior to the date of this Circular, which is a significantly higher price than the average cost paid by Corner Market for the Premier Shares it holds.

Further, the Bid Circular fails to adequately disclose Premier's intentions regarding its business and affairs and the value of the Premier Shares in order to properly value the Premier Shares. The true value of the Premier Shares is uncertain. The Board of Directors of the Company believes that Independent Shareholders would not be adequately compensated for the risk, uncertainty and loss of liquidity inherent in the Premier Shares if they tender to the Partial Offer.

In addition, the Board of Directors believes that the recent strong performance of the Company is not reflected in the current price of the Russell Shares. For the nine-months ended March 31, 2015, the Company had net income of \$347,600, which included net income of \$298,997 for the three-months ended March 31, 2015. The Company expects to continue this strong financial performance through the summer months, historically the busiest time of year for the Company's sales.

The Company expects to further strengthen its balance sheet with the recently announced BDC Refinancing. The Company intends to use part of the proceeds from the BDC Refinancing for repayment of its existing higher cost debt and for the purchase of production equipment and to expand operations at its Fort Garry operations, which the Company anticipates may increase production at Fort Garry by 20%. The Company

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anticipates that these expenditures may alleviate some of the current production bottlenecks, and may allow the Company to further increase revenue and profitability. The Company also recently expanded its market presence in the Alberta market, supported by a newly established local sales team based in Edmonton, which has resulted in a significant increase in sales in Alberta.

The Unfairness Opinion concludes that, from a financial point of view, the terms of the Partial Offer are not fair to the Independent Shareholders

Evans has delivered to the Board of Directors an opinion that based upon and subject to the assumptions, limitations and qualifications set out in the Unfairness Opinion, the consideration offered pursuant to the Partial Offer is not fair, from a financial point of view, to the Independent Shareholders. A copy of the Unfairness Opinion is attached as Schedule “A” to this Circular. The Unfairness Opinion does not constitute a recommendation to Independent Shareholders as to whether they should tender their Russell Shares to the Partial Offer. The Board of Directors recommends that Shareholders read the Unfairness Opinion in its entirety for a description of the procedures followed, matters considered and limitations on the review undertaken. Please see “*Summary of Unfairness Opinion*” below.

The Partial Offer is inherently coercive and opportunistic

The Partial Offer is just that, only a partial offer, and is structured such that Premier will acquire less than all of the Russell Shares, which is inherently coercive. Take-over bids for less than all of the equity of an issuer often result in shareholders feeling compelled to tender their shares to the bid, even if they consider the offer price to be inadequate, out of concern that, if they fail to do so, the bidder will acquire less than 100% of the target and the shareholder will be left holding a minority investment reflective of a minority discount and reduced liquidity in the market for their shares.

The Partial Offer forces Shareholders to decide whether to accept the Partial Offer, sell into the market or reject the Partial Offer and maintain their position without knowing whether and to what extent other Independent Shareholders might accept the Partial Offer, resulting in Independent Shareholders maintaining a further minority position in Russell. Worse yet is that fact that Independent Shareholders that do tender, will likely hold:

- a reduced minority position in Russell given the Partial Offer is only for 51% of Russell Shares, which would be controlled by Corner Market, who has not articulated a clear plan for Russell, and/or
- a minority position in Premier, which has no proven track record, a history of losses and is also controlled by Corner Market.

The Board of Directors of the Company also questions the true intentions of Premier and those controlling Premier. As noted under “*Background to the Offer*”, Mr. Andrew Cooke acquired Russell Shares at \$0.05 per Russell Share in the market on February 12, 2015, which is within 90 days of the Offeror’s Initial Offer on May 11, 2015. As a joint actor with Premier under Canadian securities laws, the Board of Directors of the Company questions whether Mr. Cooke had knowledge of Premier’s intentions to undertake a take-over bid in respect of the Russell Shares at the time of these purchases. Those purchases could be contrary to the insider trading rules under Canadian securities laws.

Premier is attempting to gain control of Russell without paying Independent Shareholders an appropriate premium

The Partial Offer is to acquire only 51% of the Russell Shares, which, if successful, will give Premier the ability to elect all of the members of the Company’s Board of Directors and to, acting alone, direct the Company’s affairs. Notwithstanding that Premier will be able to elect all of the Company’s directors, Premier is not proposing to pay an appropriate control premium for the Russell Shares it is offering to acquire given the nature of the consideration offered is Premier Shares, the value of which is uncertain.

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The Board of Directors has been, and intends to continue, pursuing value-maximizing alternatives that may be superior to the Partial Offer

The Board of Directors of the Company believes that there is room for consolidation in the brewing industry and has been, and intends to continue, pursuing and evaluating various alternative strategic transactions, which may be superior to the Partial Offer in providing Independent Shareholder value and in the best interests of the Company and the Independent Shareholders. As more particularly described in the section “Background”, since the end of 2014, the Company has been considering specific opportunities, including negotiating with third parties regarding the possibility of completing a transaction with the Company. If the Partial Offer is successful, the Board of Directors, management and its legal and financial advisors likely will be unable to continue to fully explore available alternatives that may preclude financially superior transactions from emerging, and third parties may be deterred from participating in any discussions with the Company when the Company has a significant controlling shareholder that could seek to frustrate transactions taking into account its own interests rather than those of all of the Shareholders.

Since the current management and Board of Directors were named in September 2013, Russell has experienced positive results. In its most recent year ended June 30, 2014, Russell had a net income of \$61,720, compared to a net loss of \$545,619 in the prior year. In its most recent quarter ended March 31, 2015, net income for the quarter further improved to \$298,997. These positive results have resulted in new potential opportunities for Russell, including the BDC Financing and discussions with third parties who have approached the Company to discuss the possibility of completing a strategic transaction.

Directors, officers and other Independent Shareholders holding approximately 33% of the outstanding Russell Shares (on a fully diluted basis) have advised the Company that they will not tender to the Partial Offer

The Company has been advised by its directors, officers and certain of the Independent Shareholders holding approximately 33% of the outstanding Russell Shares (on a fully diluted basis), that they will not tender to the Partial Offer. As a result, the Board of Directors of the Company believes that Premier will not be successful in obtaining its desired 51% of the outstanding Russell Shares; rather, the Offeror’s true intentions are not to acquire the full 51% of the outstanding Russell Shares, but simply to acquire as many additional Russell Shares as they can through the Partial Offer, thus gaining substantial control of Russell to replace the Board of Directors and management without paying an appropriate premium to the Independent Shareholders. The Company is not aware of any Independent Shareholders who have indicated they will tender to the Partial Offer.

The disclosure in Premier’s Bid Circular is inadequate and includes misrepresentations

The disclosure from Premier in the Bid Circular is either inadequate or contains misleading information and misrepresentations, including the following:

- The Bid Circular fails to fully explain Premier’s strategic rationale for making the Partial Offer, other than to indicate it has the ability to provide working capital (albeit with no commitment) and expertise in raising capital for Russell to replace Russell’s existing debt with lower cost debt. Other than the foregoing, Premier does not articulate any specific plans for the Company. The Company recently announced the BDC Refinancing, a portion of the proceeds of which the Company intends to use to refinance its existing debt. In addition, and as noted above under “Background to the Partial Offer”, Mr. Parsad, a director of Premier, indicated during discussions with Mr. Li Yu of Russell on June 16, 2015 that Premier was currently contemplating certain plans and initiatives that would substantially change the operations of Premier going forward, but that Mr. Parsad could not disclose the details of those initiatives because they had not yet been publicly disclosed. The Bid Circular fails to disclose any specifics regarding such plans and initiatives of Premier. Securities laws require Premier to disclose the particulars of any plans or proposals of Premier or material changes in the affairs of the Company or Premier. The Board of Directors believes that this requirement is particularly important in a situation such as the Partial Offer, where Premier has not offered to acquire all of the outstanding

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Russell Shares, and as a result, existing Independent Shareholders may be forced to retain a sizeable and potentially illiquid minority stake in a company over which they have no control and in respect of which they have no information as to the future strategy and direction of the Company or Premier. The Bid Circular does not provide adequate information that would allow Shareholders to make an informed decision as to the future prospects of the Company or Premier, and whether to tender their Russell Shares to the Partial Offer.

In addition, and as noted under “*Background to the Partial Offer*”, the Company had requested that Premier provide the Company with additional information concerning the Offeror’s intentions regarding Russell and its own initiatives and plans in order to allow the Board of Directors of the Company to better assess Premier and its business. Premier has failed to provide any such additional information.

- The Bid Circular misrepresents that the Premier Shares trade at a higher daily average trading volume than the Russell Shares. Over the six months period prior to the Partial Offer, the average daily volume of the Russell Shares has been significantly higher than the Premier Shares. As of June 26, 2015, the date of the Bid Circular, the trading volume of Russell Shares for the preceding 10-days, 30-days, 90-days and 180-days was a total of 956,070 shares, 2,303,034 shares, 7,293,714 shares and 16,503,179 shares respectively. Over the same period, the trading volume of the Premier Shares was considerably lower at 129,500 shares, 712,600 shares, 2,732,200 shares and 5,610,000 shares respectively. In total, over the 180 trading days prior to June 26, 2015, 19% of the outstanding Russell Shares were traded compared to only 4.1% of the outstanding Premier Shares.
- The Bid Circular misleads Shareholders with respect to the party that has entered into a lock-up agreement with Premier. The Bid Circular does not clearly indicate that the party to the lock-up agreement with respect to 2,000,000 Russell Shares is MPIC Canada, which is indirectly owned by Corner Market, a joint actor to Premier. Sanjeev Parsad, the President, CEO and a director of Premier, and Alnesh Mohan, a director of Premier, are majority shareholders, directors and officers of Corner Market. The Company is not aware of any other Shareholders who have entered into a lock up agreement with Premier committing to tender their Russell Shares to the Partial Offer.
- The Bid Circular fails to provide a tax opinion from Premier with respect to the tax treatment to Shareholders if Shareholders tender to the Partial Offer, including any withholding tax consequences required by the Offeror to any Shareholders residing outside Canada. Typically, take-over bid circulars providing for a share exchange transaction provide detailed disclosure surrounding the tax treatment of the share exchange to shareholders of the target issuer. Given there may be tax consequences to certain Shareholders if they tender to the Partial Offer, the Bid Circular does not provide all Shareholders with sufficient information to make an informed decision as to whether to tender their Russell Shares to the Partial Offer.

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

The Shareholders are currently holding an investment in a revenue producing company in the brewing industry, which has recently earned profits following change of the management team in September 2013. In its most recent year ended June 30, 2014, Russell had a net income of \$61,720, compared to a net loss of \$545,619 in the prior year. In its most recent quarter ended March 31, 2015, net income for the quarter further improved to \$298,997. If Independent Shareholders tender to the Partial Offer, they may lose all or part of their investment in Russell and become invested in Premier, which is an unproven investment company with no track record and current significant losses.

Premier completed a change of business from a life sciences company to an “investment company” in just April, 2015. The acquisition of the Russell Shares pursuant to the Partial Offer will be the first material acquisition of Premier as an investment company. Premier provides very little disclosure surrounding its

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investment policies and guidelines, effectively operating as an unregulated “blind pool”. Premier has no experience or expertise in the brewing industry and lacks a proven track record with respect to managing companies in this industry or as an investment company. Furthermore, Premier has yet to achieve profitable operations and as at the year ended September 30, 2014, Premier had accumulated losses of \$15,651,576. For its most recent year ended September 30, 2014, Premier had a loss of \$1,550,832 and for its most recent interim three month period ended March 31, 2015, Premier had a loss of \$618,713. While Premier has completed a change of business, the business that accumulated such losses is still owned by Premier with no public disclosure surrounding any plans to change that business. Currently, two of the three investments held by Premier are in private companies which means value of the realization of the investment can only be effected through a triggering event such as a financing or being acquired. The Bid Circular acknowledges that an investment in Premier Shares is speculative and may result in the loss of a substantial portion of an investor’s investment.

The pro forma consolidated financial statements of Premier as at March 31, 2015 provided by Premier in the Bid Circular, which assumes completion of the Partial Offer as at March 31, 2015, indicate that Russell had a net profit of \$478,721 for the six months ended March 31, 2015 and Premier had a net loss of \$1,058,250 for the same period, resulting in a combined net loss of \$579,529 for such period. Shareholders who tender to the Partial Offer would therefore be exchanging their existing profitable Russell Shares for unprofitable Premier Shares, on a consolidated basis.

The Partial Offer is lose-lose for Russell and the Independent Shareholders because it will result in the Independent 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

On June 24, 2015, two days before the Partial Offer, 13,574,000 of the Russell Shares currently owned by Premier were sold to Premier by Corner Market (held by MPIC US) and 932,000 currently owned by Premier were sold to Premier by Geoffrey Andrew Cooke. Corner Market is a private company of which Sanjeev Parsad, the President, CEO and a director of Premier, and Alnesh Mohan, a director of Premier, are majority shareholders and directors and officers. Geoffrey Andrew Cooke, a director of Premier, is a director of Corner Market Capital U.S. Inc. which is 65% owned by Corner Market.

Indirectly through MPIC LP and MPIC Canada, Corner Market currently owns 51,137,535 Premier Shares, being 37% of the issued and outstanding Premier Shares. Assuming Premier acquires 51% of the outstanding Russell Shares (including the Russell Shares Premier already owns) and Corner Market (through MPIC Canada) tenders to the Partial Offer the additional 2,000,000 Russell Shares it holds, then Corner Market would own 35% of the outstanding Premier Shares. In addition, in the aggregate, Messrs. Mohan, Parsad and Cooke, each insiders of Corner Market, own an additional 2,214,467 Premier Shares, being 2% of the issued and outstanding Premier Shares. If the Partial Offer is successful, Corner Market and its joint actors would own a controlling stake of 37% of the outstanding Premier Shares.

Therefore, Independent Shareholders are in a lose-lose situation if the Partial Offer is successful. Independent Shareholders holding Premier Shares will hold a minority position in Premier and/or Russell, with Corner Market as the controlling shareholder of both companies. As noted above, Corner Market and Premier share the same management team, which does not have a proven successful track record and the Independent Shareholders would have little opportunity to effect change in either Premier or Russell.

In addition, the trading price and liquidity of the Russell Shares and/or Premier Shares that will be held by the minority Independent Shareholders following completion of the Partial Offer may be adversely affected for a number of reasons, including:

- the resulting small public float will impair the liquidity of the Premier Shares and the Russell Shares and thereby reduce the number of investors interested in investing in the Premier Shares and the Russell Shares;

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- may be less likely to receive coverage by market research analysts due to a smaller public float in both the Offeror and Russell; and
- the share price for the Russell Shares will no longer reflect the possibility of a future change of control transaction when Corner Market indirectly controls both companies.

Premier may be subject to substantial further regulation as an “Investment Fund”

Premier has disclosed that it has been structured in a way to not be deemed an “investment fund” subject to regulation under applicable Canadian securities laws, including registration requirements. However, the Company believes that given Premier’s business strategy, structure and policies regarding proposed investments contained in its public disclosure, Premier may attract the attention of Canadian securities regulators that may result in such regulators requiring Premier and/or its related parties to comply with the securities regulatory requirements applicable to investment funds, including registration requirements as an investment fund manager, an adviser and a dealer, as well as complying with investment restrictions and enhanced disclosure requirements. Shareholders who tender to the Partial Offer may become shareholders of an entity with substantially increased costs for its operations that Premier has failed to recognize and disclose.

Furthermore, to the extent that Premier has succeeded in avoiding regulation applicable to investment funds, the Company believes that Shareholders who tender to the Partial Offer would not have the benefits afforded by such regulation which is aimed at the protection of investors, including enhanced disclosure requirements, restrictions on related party transactions and securities regulatory oversight of the investment fund manager, adviser and dealer that control Premier’s operations.

Premier Shares are listed on the Canadian Stock Exchange and are less liquid than the Russell Shares

The Premier Shares to be issued to the Shareholders are listed on the Canadian Stock Exchange (the “CSE”). The Russell Shares are listed on the TSX Venture Exchange. The CSE requires less disclosure regarding Premier being made publicly available, and the CSE has less oversight and regulation over Premier’s business, including in respect of acquisitions and dispositions, private placements and executive compensation plans.

Contrary to the disclosure provided by Premier in the Bid Circular, the Russell Shares are more liquid than the Premier Shares. As of June 26, 2015, the date of the Bid Circular, the trading volume of Russell Shares for the preceding 10-days, 30-days, 90-days and 180-days was a total of 956,070 shares, 2,303,034 shares, 7,293,714 shares and 16,503,179 shares respectively. Over the same period, the trading volume of the Premier Shares was considerably lower at 129,500 shares, 712,600 shares, 2,732,200 shares and 5,610,000 shares respectively. In total, over the 180 trading days prior to June 26, 2015, 19% of the outstanding Russell Shares were traded compared to only 4.1% of the outstanding Premier Shares.

The Partial Offer is highly conditional

The Partial Offer contains 14 conditions that must be satisfied or waived before Premier is obligated to take up and pay for any Russell Shares deposited under the Partial Offer. Certain of the conditions and sub-conditions provide a broad discretion in favour of Premier and are not subject to any materiality thresholds or other objective criteria. Certain actions may be taken or agreements may be entered into by the Company or its subsidiaries or certain other events may occur, which may result in Premier being entitled to not proceed with the Partial Offer due to the subjective nature of many of the conditions contained in the Partial Offer. One of the conditions relates to the party to the lock up agreement complying with the lock up agreement and such lock up agreement not having been terminated, even though the party to the lock up agreement is MPIC Canada, an entity indirectly owned by Corner Market, a joint actor with Premier. These conditions, in effect, provide Premier with an option to decline to proceed with the Partial Offer in its sole discretion.

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The Partial Offer is not a “Permitted Bid” under the Company’s Shareholder Rights Plan

The Company's Shareholder Rights Plan (the “**Shareholder Rights Plan**”) enables potential acquirers to make a "Permitted Bid" without the approval of the Board of Directors. To be a "Permitted Bid", a take-over bid must, among other things, be an offer for 100% of the Russell Shares, be open for at least 60 days and be accepted by the holders of more than 50% of the Russell Shares (other than those Russell Shares held by any Shareholder or group of Shareholders making a take-over bid). The Shareholder Rights Plan is intended to prevent coercive partial bids and to provide the Board of Directors of the Company with sufficient time to properly consider any take-over bid and to pursue competing bids or alternative strategies that could enhance shareholder value, while also making it more likely that Shareholders have sufficient time to consider all appropriate alternatives and avoiding coercive partial bids. The Partial Offer is not a "Permitted Bid", as the Partial Offer is only for up to 51% of the Russell Shares and open for acceptance for only 38 days. A “Permitted Bid” requires an offer for all of the outstanding shares to avoid a coercive partial bid and a longer time for acceptance as it allows the Company a longer period of time to attract competing proposals from prospective buyers and strategic partners. Please see “*Summary of Shareholders Rights Plan*” below for a description of the Shareholders Rights Plan.

The information and factors above considered by the Board of Directors in unanimously recommending that Shareholders **REJECT** the Partial Offer and **NOT TENDER** their Russell Shares to the Partial Offer are not intended to be exhaustive, but include material factors considered by the Board of Directors. In view of the wide variety of factors considered in connection with its evaluation of the Partial Offer and the complexity of these matters, the Board of Directors did not find it useful to, and did not attempt to, quantify, rank or otherwise assign relative weights to these factors. In addition, individual members of the Board of Directors may have given different weight to different factors.

Each Shareholder should carefully consider the Partial Offer, the Bid Circular, the Unfairness Opinion, this Circular, the factors considered by the Board of Directors, the Shareholder’s own circumstances and other relevant factors, and reach the holder’s own conclusion as to the adequacy of the price that may be realized under the Partial Offer. Since circumstances specific to each Shareholder vary, Shareholders should consult their own financial and tax advisors.

No person has been authorized to make any recommendation on behalf of the Company or the Board of Directors of the Company as to whether Shareholders of Russell should deposit or refrain from depositing Russell Shares pursuant to the Partial Offer other than as set out in this Circular. No person has been authorized by Russell or the Board of Directors of the Company to give any information or to make any representation in connection with the Partial Offer other than as set forth in this Circular. If given or made, any such recommendation or any such information or representation must not be relied upon as having been authorized by the Company or the Board of Directors.

SUMMARY OF UNFAIRNESS OPINION

The following constitutes only a summary of the fairness opinion dated July 8, 2015 and prepared by Evans & Evans, Inc. (the “Unfairness Opinion”). The portion of this summary regarding the Unfairness Opinion is qualified in its entirety by the full text of the Unfairness Opinion, which is attached hereto as Schedule “A”. A copy of the Unfairness Opinion is also available online at www.SEDAR.com under Russell’s profile and can be sent without charge to Shareholders on request.

Evans was formally engaged by the Board of Directors of the Company pursuant to an engagement letter dated June 26, 2015 to provide an opinion on the fairness of a potential offer, from a financial point of view, to Independent Shareholders. The Board of Directors determined that Evans was independent of Russell. Evans was paid a flat professional fee for its services and was reimbursed for its reasonable out-of-pocket expenses. Evans will also be indemnified by Russell in certain circumstances. The fee paid to Evans was not contingent upon the opinions presented in the Unfairness Opinion.

The Unfairness Opinion was one of several factors considered by the Board of Directors of the Company in unanimously recommending Independent Shareholders to **REJECT** the Partial Offer.

<p><u>REJECT THE HOSTILE OFFER AND DO NOT TENDER YOUR RUSSELL SHARES</u></p>

Subject to the scope of review, assumptions and limitations set out in the Unfairness Opinion, Evans delivered its opinion on July 8, 2015 that the **terms of the Partial Offer are not fair, from a financial point of view, to the Independent Shareholders**. You are urged to read the Unfairness Opinion in its entirety for a description of the procedures followed, matters considered and limitations on the review by Evans.

SUMMARY OF SHAREHOLDER RIGHTS PLAN

On June 30, 2015, the Board of Directors of the Company adopted the Shareholder Rights Plan and authorized the grant of one right in respect of each Share outstanding on such date as set out in the Shareholder Rights Plan (each a “**Right**”). The Shareholder Rights Plan is intended to provide for the fair treatment of Shareholders in connection with any take-over bid for the Company and is designed to provide the Board of Directors and the Shareholders with more time to fully consider any unsolicited take-over bid for the Company without undue pressure. Further, the Shareholder Rights Plan will allow the Board to pursue, if appropriate, other alternatives to maximize shareholder value and to allow additional time for competing bids to emerge.

The Shareholder Rights Plan also seeks to ensure that all Shareholders are treated fairly in any transaction involving a change of control of the Company and that all Shareholders have an equal opportunity to participate in the benefits of a take-over bid. The Shareholder Rights Plan encourages potential acquirers to negotiate the terms of any offer for Russell Shares with the Board of Directors or, alternatively, to make a Permitted Bid (as defined in the Shareholder Rights Plan) without the approval of the Board of Directors.

Time to Consider Bid and Require Bid to be For All Shares

The Shareholder Rights Plan gives the Board of Directors and Shareholders more time to consider a take-over bid by requiring an offeror to make a “Permitted Bid” if it wishes to proceed without negotiating with the Board of Directors and without triggering the Shareholder Rights Plan. In order to qualify as a Permitted Bid, the bid must meet certain minimum conditions. A Permitted Bid must, among other things, be made for all shares in the capital of Russell to which a vote is attached other than the offeror under such Permitted Bid, be open for at least 60 days and must remain open for a further period of 10 business days after the offeror publicly announces that more than 50% of the outstanding Voting Shares (as defined in the Shareholder Rights Plan) held by independent shareholders (as defined below) have been deposited or tendered and not withdrawn.

Grant of Rights

The Shareholder Rights Plan provides that one Right be granted in respect of each of the outstanding Russell Shares to Shareholders as at June 25, 2015 (the “**Record Time**”) as well as in respect of each Share issued after June 25, 2015 and prior to the Separation Time (as defined below).

Notwithstanding the effectiveness of the Shareholder Rights Plan, the Rights are not exercisable until the Separation Time, and certificates representing the Rights will not be sent to the Shareholders. Certificates for the Russell Shares issued after the effective date of the Shareholder Rights Plan will contain a notation incorporating the Shareholder Rights Plan by reference. Until the Separation Time, or earlier termination or expiry of the Rights, the Rights are evidenced by and transferred with the associated Russell Shares and the surrender for transfer of any certificate representing Russell Shares will also constitute the surrender for transfer of the Rights associated with those Russell Shares.

Separation of Rights

The Rights will become exercisable at the “Separation Time” which, unless waived or deferred by the Board of Directors in the instances permitted by the Shareholder Rights Plan, is generally the close of business on the tenth trading day after the earliest to occur of:

- (a) the date of the first public announcement of facts indicating that a person or a group of affiliated or associated persons has acquired beneficial ownership of 20% or more of the outstanding Voting Shares (as defined in the Shareholder Rights Plan) (i.e. become an Acquiring Person);

<u>REJECT THE HOSTILE OFFER AND DO NOT TENDER YOUR RUSSELL SHARES</u>
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- (b) the date of commencement of, or the first public announcement of an intention of any person (other than the Company or any of its subsidiaries) to commence, a take-over bid (other than a Permitted Bid or a Competing Permitted Bid); and
- (c) the date upon which a Permitted Bid or Competing Permitted Bid ceases to be such;

or such later time as may be determined by the Board of Directors of Russell, provided that if (a), (b) or (c) results in the Separation Time being prior to the Record Time, the Separation Time shall be the tenth trading day after the Record Time or such later time as may be determined by the Board of Directors, provided further that if the take-over bid referred to in (b) above expires or is cancelled, terminated or otherwise withdrawn prior to the Separation Time, such take-over bid shall be deemed to have never been made for the purposes of the definition of Separation Time.

An Acquiring Person does not include a holder of 20% or more of the outstanding Voting Shares on the date of the Record Time (a “**Grandfathered Person**”), provided that such Grandfathered Person acquires no more Voting Shares, other than through one of the exemptions set out in the Shareholder Rights Plan. When the Shareholder Rights Plan was initially adopted, there was no Grandfathered Person.

As soon as practicable following the Separation Time, separate certificates evidencing rights (“**Rights Certificates**”) will be mailed to the holders of record of the Voting Shares as of the Separation Time and the Rights Certificates alone will evidence the Rights.

When Rights Become Exercisable

After the Separation Time, each Right entitles the holder thereof to purchase one Share at the Exercise Price. Following a transaction which results in a person becoming an Acquiring Person (a “**Flip-in-Event**”), the Rights entitle the holder thereof to receive, upon exercise, such number of Russell Shares that have an aggregate market value (as of the date of the Flip-in Event) equal to twice the then Exercise Price of the Rights for an amount in cash equal to the Exercise Price. In such event, however, any Rights beneficially owned by an Acquiring Person (including affiliates, associates and others acting jointly or in concert therewith), or certain transferees or any such person, will be void.

Permitted Bids

The Shareholder Rights Plan includes a “Permitted Bid” concept whereby a take-over bid will not trigger a separation of the Rights (and will not cause the Rights to become exercisable) if the bid meets certain conditions. A “Permitted Bid” is defined as a take-over bid that is made by means of a take-over bid circular to acquire Voting Shares (which means any shares in the capital of the Company entitled to vote generally in the election of all directors) of the Company, which, together with Voting Shares beneficially owned by the offeror at the date of the offer (including its affiliates, associates and others acting jointly or in concert therewith), constitute 20% or more of the outstanding Voting Shares and that also complies with the following additional provisions:

- (a) the bid must be made to all the holders of Voting Shares as registered on the books of the Company, other than the offeror; and
- (b) the bid must also contain the following irrevocable and unqualified conditions:
 - (i) no Voting Shares will be taken up or paid for prior to the close of business on the 60th day following the date of the bid and then only if more than 50% of the Voting Shares held by independent shareholders (as defined below) have been deposited or tendered to the bid and not withdrawn;
 - (ii) Voting Shares may be deposited pursuant to the bid, unless it is withdrawn, at any time prior to the date shares are first taken up or paid for under the bid and any Voting Shares deposited pursuant to the bid may be withdrawn until taken up or paid for; and
 - (iii) if the deposit condition referred to in (b)(i) above is satisfied, the offeror will extend the bid for deposit of Voting Shares for at least 10 business days from the date such extension is publicly announced and, if such bid is a partial bid, not take up any Voting Shares under the bid until the expiry of such 10 business day period.

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“independent shareholders” is defined generally in the Shareholder Rights Plan as holders of Voting Shares other than:

- (a) an Acquiring Person,
- (b) any offeror making a take-over bid,
- (c) any affiliate or associate of an Acquiring Person or offeror,
- (d) persons acting jointly or in concert with an Acquiring Person or offeror, and
- (e) any person is a trustee of any employee benefit, stock purchase or certain other plans or trusts for employees of the Company or its wholly-owned subsidiaries unless the beneficiaries of such plans or trusts direct the voting or tendering to a take-over bid of the Voting Shares.

Competing Permitted Bids

A “Competing Permitted Bid” is a take-over bid made after a Permitted Bid has been made and prior to expiry of such Permitted Bid that satisfies all of the provisions of a Permitted Bid, except that it must remain open for acceptance until at least the later of (i) 35 days after the date of the bid and (ii) 60 days after the earliest date on which another Permitted Bid then in existence was made, and only if at that date more than 50% of the Voting Shares owned by independent shareholders (as defined in the Shareholders Rights Plan) have been deposited to the Competing Permitted Bid and not withdrawn.

Waiver

Under the Shareholder Rights Plan, the Board of Directors can waive the application of the Shareholder Rights Plan to enable a particular take-over bid to proceed.

Permitted Lock-Up Agreements

A person will not become an Acquiring Person by virtue of having entered into an agreement (a “**Permitted Lock-Up Agreement**”) with a Shareholder whereby the Shareholder agrees to deposit or tender Voting Shares to a take-over bid (the “**Lock-Up Bid**”) made by such person, provided that the agreement meets certain requirements including:

- (a) the terms of the agreement are publicly disclosed and a copy of the agreement is publicly available not later than the date of the Lock-Up Bid or, if the Lock-Up Bid has not been made prior to the date on which such agreement is entered into, not later than the date of such agreement;
- (b) the Shareholder who has agreed to tender Voting Shares to the Lock-Up Bid is permitted to withdraw the Voting Shares, in order to tender Voting Shares to another take-over bid or transaction where: (i) the price or value per Voting Share offered under such other take-over bid or transaction exceeds the price or value per Voting Share offered under the Lock-Up Bid; (ii) the price or value per Voting Share offered under such other take-over bid or transaction exceeds by as much as or more than a specified amount (the “**Specified Amount**”) the price or value per Voting Share offered under the Lock-Up Bid, provided that such Specified Amount is not greater than 7% of the price or value per Voting Share offered under the Lock-Up Bid; or (iii) the number of Voting Shares to be purchased under such other take-over bid or transaction exceeds by as much as or more than a specified number (the “**Specified Number**”) the number of Voting Shares offered to be purchased under the Lock-Up Bid at a price or value per Voting Share that is not less than the price or value per Voting Share offered under the Lock-Up Bid, provided that the Specified Number is not greater than 7% of the number of Voting Shares offered under the Lock-Up Bid;
- (c) no “break-up” fees, “top-up” fees, penalties, expenses or other amounts that exceed in the aggregate the greater of 2.5% of the price or value of the consideration payable under the Lock-Up Bid or one-half of the increased price or value that is paid pursuant to another take-over bid or transaction, whichever is the greater, in the event that the Locked-up Person fails to tender Voting Shares pursuant thereto in order to accept the other take-over bid or support another transaction; and

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- (d) any right of first refusal or period of delay to give the person who made the Lock-Up Bid an opportunity to match the higher price, value or number in another take-over bid or transaction, does not preclude the exercise by the Locked-Up Person of the right to withdraw Voting Shares in sufficient time to deposit or tender to the other take-over bid or support the other transaction.

Protection Against Dilution

The Exercise Price, the number and nature of securities which may be purchased upon the exercise of Rights and the number of Rights outstanding are subject to adjustment from time to time to prevent dilution in the event of stock dividends, subdivisions, consolidations, reclassifications or other changes in the outstanding Russell Shares, pro rata distributions to holders of Russell Shares and other circumstances where adjustments are required to appropriately protect the interests of the holders of Rights.

The above is a summary of the principal terms of the Shareholder Rights Plan, which summary is qualified in its entirety by reference to the full terms and conditions of the Shareholders Rights Plan, copy of which available online at www.SEDAR.com.

PRIOR VALUATION

To the knowledge of the directors and officers of the Company, after reasonable enquiry, no “prior valuations” (as such term is defined in Multilateral Instrument 61-101) regarding the Company, its securities or material assets that have been prepared within the 24 months preceding the date hereof.

OWNERSHIP OF SHARES OF THE COMPANY

The following table indicates, as of the date of this Circular, the number of outstanding securities of the Company beneficially owned or over which control or direction is exercised by each director and officer of the Company, and, to the knowledge of the Company after reasonable inquiry, by each insider of the Company, each associate or affiliate of the Company or an insider of the Company other than a director or officer, and each person acting jointly or in concert with the Company:

Name and Position	Russell Shares Held ⁽¹⁾	% of Outstanding Russell Shares	Options to Acquire Russell Shares Held ⁽¹⁾	% of Outstanding Options	Warrants to Acquire Russell Shares Held ⁽¹⁾	% of Outstanding Warrants
(Benjamin) Li Yu Director and Chief Executive Officer	6,866,666 ⁽²⁾	7.9%	950,000	20.6%	0	n/a
(Derrick) Dongbing Ma Director	5,200,000 ⁽³⁾	9.4%	800,000	17.3%	4,000,000	100%
Richard Ruijian Shi Director	1,500,000	1.7%	200,000	4.3%	0	n/a
Peter Harry Stafford Director	0	n/a	800,000	17.3%	0	n/a
Kwong Choo Chief Financial Officer	0	n/a	600,000	13.0%	0	n/a

⁽¹⁾ This column shows the Russell Shares, options to acquire Russell Shares and warrants to acquire Russell Shares beneficially owned directly or indirectly or over which control or direction is exercised as of the date of this Circular, as provided by the respective officers and directors of Russell.

⁽²⁾ 5,000,000 Russell Shares are beneficially controlled through FVI Capital Inc., a company in which (Benjamin) Li Yu is a Partner. 200,000 Russell Shares are registered to Xujun Zhou, the spouse of (Benjamin) Li Yu.

⁽³⁾ 5,000,000 Russell Shares are beneficially controlled through FVI Capital Inc., a company in which (Derrick) Dongbing Ma is a Partner. 200,000 Russell Shares are registered to Xiao Qing Chen, the spouse of (Derrick) Dongbing Ma.

As of the date of this Circular, to the knowledge of the directors and officers of the Company based on public records, no person beneficially owns or controls, directly or indirectly, more than 10% of the voting rights attached to any class of voting securities of the Company other than as set forth below:

REJECT THE HOSTILE OFFER AND DO NOT TENDER YOUR RUSSELL SHARES

Name of Shareholder	Number of Russell Shares Owned	Percentage of Russell Shares ⁽¹⁾
Premier Diversified Holdings Inc.	17,256,000	19.8%

⁽¹⁾ 15,256,000 Russell Shares are directly held by Premier. Corner Market Capital Corp., which is acting jointly and in concert with Premier, is the sole shareholder of Corner Market Management Inc. (“CMMI”) and a 65% shareholder of Corner Market Capital U.S. Inc. (“CMCUS”). CMMI is the general partner of MPIC Canadian Limited Partnership (“MPIC Canada”) and CMCUS is the general partner of MPIC Fund I, Limited Partnership. MPIC Canada is the registered holder of 2,000,000 Russell Shares, which are also subject to a lock-up agreement entered into between Premier and MPIC Canada.

ACCEPTANCE OF THE PARTIAL OFFER

As of the date of this Circular, each of the directors and officers of the Company intend to **REJECT** the Partial Offer and **NOT TENDER** any Russell Shares. To the knowledge of the directors and officers of the Company, the Company is not aware of any person named under “Ownership of Shares of the Company” that has a current intention to accept the Partial Offer and deposit any Russell Shares pursuant to the Partial Offer, except MPIC Canada (a joint actor of the Offeror) pursuant to the Lock-Up Agreement entered into between Premier and MPIC Canada.

OWNERSHIP OF SECURITIES OF PREMIER

Except as otherwise disclosed in this Circular and the Bid Circular, as of the date of this Circular, none of Russell, the directors and officers of Russell and, to the knowledge of the Company after reasonable inquiry, no insider of the Company other than a director or officer, no associate or affiliate of Russell or of an insider of Russell, and no person acting jointly or in concert with Russell, beneficially owns or exercises control or direction over any securities of Premier.

RELATIONSHIP BETWEEN PREMIER AND THE DIRECTORS AND OFFICERS OF RUSSELL

There is no agreement, commitment or understanding made or proposed to be made between Premier and any of the directors or officers of the Company and there is no payment or other benefit proposed to be made or given by way of compensation for loss of office or remaining in or retiring from office if the Partial Offer is successful. None of the directors or officers of Russell is also a director or officer of Premier or any subsidiary of Premier.

ARRANGEMENTS BETWEEN THE COMPANY AND ITS OFFICERS AND DIRECTORS

There are no agreements, commitments or understandings made or proposed to be made between Russell and any of its directors or officers, including any payment or other benefit proposed to be made or given by way of compensation for loss of office or remaining in or retiring from office if the Partial Offer is successful, except as set out below.

Benjamin Li Yu, the Chief Executive Officer of the Company, through a company wholly owned by Mr. Yu, has a management contract with the Company which is in the normal course of conducting business and ensuring long term commitment to the Company and the Shareholders. Pursuant to such management contract, in the event of a merger, acquisition or sale transaction by the Company which causes a “Change of Control” of the Company, as defined in the management contract, any stock options or similar securities held beneficially by Mr. Yu shall automatically become fully vested. If the Partial Offer is successful and Premier acquires 51% of the outstanding Russell Shares, it would constitute a “change of control” of the Company, which is defined in the management contract to include a transaction where a majority of the outstanding voting stock of the Company shall have been acquired or beneficially owned by any person (other than the Company or a subsidiary of the Company) or any two or more persons acting as a partnership, limited partnership, syndicate or other group, entity or association acting in concert for the purpose of voting, acquiring, holding, or disposing of voting stock of the Company.

Shareholders approved the stock option plan of the Company (the “**Option Plan**”) at the extraordinary general meeting of the Company held on August 10, 2007, with amendments to the Option Plan approved by shareholders on June 28, 2013 and November 5, 2014. The Option Plan was established to further the Company’s policy of motivating officers, directors and employees of the Company and its subsidiaries to participate in the growth and

<p><u>REJECT THE HOSTILE OFFER AND DO NOT TENDER YOUR RUSSELL SHARES</u></p>

development of the Company. Under the Option Plan, the Company may grant stock options pursuant to which Russell Shares may be purchased by directors, officers, employees and consultants of the Company up to a maximum of 10% of the issued and outstanding Russell Shares. Upon a “change of control” as defined in the Option Plan, the Option Plan sets out that the Board of Directors may, in its sole discretion, deal with outstanding options in the manner it deems fair and reasonable in light of the circumstances. Without limiting the generality of the foregoing, the Board of Directors may, without any action or consent required on the part of any optionee: (a) subject to TSX Venture Exchange approval, deliver a notice to the optionee advising the optionee that the unvested portion of the options held by the optionee, if any, shall immediately vest; (b) deliver a notice to an optionee advising the optionee that the expiry of the option period for any vested portion or portions of the option shall be the earlier of the expiry of the option period and the 10th day following the date of the notice and the expiry of the option period for any unvested portion of the option shall be the date of the notice; or (c) take such other actions, and combinations of the foregoing actions, as it deems fair and reasonable under the circumstances. If the Partial Offer is successful and Premier acquires 51% of the outstanding Russell Shares, it would constitute a “change of control” of the Company, which is defined in the Option Plan contract to include the occurrence of an event where any person or combination of persons at arm’s length to the Company and its affiliates acquires or becomes the beneficial owner of, directly or indirectly, more than 50% of the voting securities of the Company, whether through the acquisition of previously issued and outstanding voting securities, or of voting securities that have not been previously issued, or any combination thereof, or any other transaction having a similar effect.

As of the date hereof, the directors and officers of the Company held an aggregate of 3,350,000 options with an exercise price of \$0.07 per Russell Share, of which 1,675,000 are vested and 1,675,000 remain unvested.

AGREEMENTS BETWEEN PREMIER AND SHAREHOLDERS OF RUSSELL

Russell is not aware of any agreements, commitments or understandings made or proposed to be made between Premier and any Shareholder of the Company in relation to the Partial Offer, except the Lock-Up Agreement entered into between Premier and MPIC Canada (a party in which Premier is acting jointly and in concert).

INTERESTS OF DIRECTORS AND OFFICERS OF RUSSELL IN MATERIAL TRANSACTIONS WITH PREMIER

To the knowledge of the directors and officers of the Company, none of the directors, officers or other insiders of the Company or their associates has any interest in any material transaction to which Premier is a party.

TRADING BY DIRECTORS, OFFICERS AND OTHER INSIDERS

Other than as set out elsewhere in this Circular, none of the directors, officers or other insiders of the Company nor, to the knowledge of the directors and officers of the Company after reasonable enquiry, any of the associates or affiliates of the Company or of an insider of the Company nor any person acting jointly or in concert with the Company, other than Premier and its joint actors as disclosed in the Bid Circular, has traded in any securities of the Company during the six-month period preceding the date of this Circular.

Previous Distributions of Securities

During the two years preceding the date of the Circular, the Company has not issued any Russell Shares or other securities to the directors, officers or other insiders of the Company, other than as set out below:

Name and Position	Issue Date	Number of Russell Shares Issued	Price per Russell Share	Aggregate Proceeds Received	Purpose of Transaction
(Benjamin) Li Yu Director and Chief Executive Officer	May 7, 2014	1,666,666	\$0.06	\$99,999.96	Private Placement
	September 3, 2013	200,000	n/a	n/a	Bonus shares for bridge loan
(Derrick) Dongbing Ma Director	September 3, 2013	200,000	n/a	n/a	Bonus shares for bridge loan

REJECT THE HOSTILE OFFER AND DO NOT TENDER YOUR RUSSELL SHARES

Name and Position	Grant Date	Number of Options Granted	Exercise Price (per share)
Benjamin Li Yu Director and Chief Executive Officer	July 9, 2014	950,000	\$0.07
(Derrick) Dongbing Ma Director	July 9, 2014	800,000	\$0.07
Peter Stafford Director	July 9, 2014	800,000	\$0.07
(Richard) Ruijian Shi Director	July 9, 2014	200,000	\$0.07
Kwong Choo Chief Financial Officer	July 9, 2014	600,000	\$0.07

Name and Position	Grant Date	Number of Warrants Granted	Exercise Price (per share)	Purpose of Transaction
(Derrick) Dongbing Ma Director	January 20, 2014	4,000,000	\$0.05	Consideration for acting as loan guarantor

MATERIAL CHANGES IN THE AFFAIRS OF RUSSELL

Except for the Partial Offer and except as described or referred to in this Circular, there are no plans or proposals for material changes in the affairs of the Company. In the ordinary course of business, management identifies and evaluates on an on-going basis various proposals for the enhancement of Shareholder value.

OTHER MATERIAL INFORMATION

The Company has entered into a Policy with ECON Group Inc. dated January 13, 2014 (the “**Policy**”) for the purchase of Management Liability Insurance. Pursuant to the Policy, upon a change of control (as defined in the Policy) of Russell, Russell is required to obtain written consent in order to maintain coverage for acts occurring after the date of the change of control. Change of control, as defined in the Policy, includes the acquisition by another entity or person of the ownership or control of voting stock of Russell resulting in the ownership or control of more than fifty percent of the voting stock of Russell.

STATUTORY RIGHTS

Securities legislation in the provinces and territories of Canada provides security holders of the offeree issuer with, in addition to any other rights they may have at law, one or more rights of rescission, price revision or to damages, if there is a misrepresentation in a circular or notice that is required to be delivered to the security holders. However, these rights must be exercised within prescribed time limits. Shareholders should refer to the applicable provisions of the securities legislation of their province or territory for particulars of those rights or consult with a lawyer.

APPROVAL OF DIRECTORS’ CIRCULAR

This Directors’ Circular and its sending has been authorized by the Board of Directors of Russell.

<p><u>REJECT THE HOSTILE OFFER AND DO NOT TENDER YOUR RUSSELL SHARES</u></p>

CONSENT OF EVANS & EVANS, INC.

To: The Directors of
Russell Breweries Inc.

We hereby consent to the references to our name and to our opinions contained in the letter to the shareholders, the under headings "Questions and Answers about the Partial Offer", "Background to the Partial Offer", "Recommendation of the Board of Directors" and "Summary of the Unfairness Opinion" and to the inclusion of the text of our fairness opinion dated July 8, 2015 as Schedule A to the Directors' Circular dated July 9, 2015.

(Signed) Evans & Evans, Inc.

Vancouver, British Columbia
July 9, 2015

CERTIFICATE

July 9, 2015

The foregoing contains no untrue statement of a material fact and does not omit to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made.

On Behalf of the Board of Directors of Russell Breweries Inc.

(Signed) BENJAMIN LI YU
Director

(Signed) PETER H. STAFFORD
Director

**SCHEDULE “A”
UNFAIRNESS OPINION**

EVANS & EVANS, INC.

400 BURRARD STREET
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VANCOUVER, BRITISH COLUMBIA
CANADA, V6C 3A6

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www.evansevens.com

July 8, 2015

RUSSELL BREWERIES INC.

202 - 13018 80th Avenue

Surrey, British Columbia V3W 3A8

Attention: Board of Directors

Dear Sir:

Subject: Fairness Opinion

1.0 Introduction

- 1.01 Evans & Evans, Inc. (“Evans & Evans” or the “authors of the Opinion”) has been retained by the Board of Directors (the “Board”) of Russell Breweries Inc. (“Russell”, “RBI” or the “Company”) to prepare an opinion as to the fairness of the offer (the “Offer”) from Premier Diversified Holdings Inc. (“PDH”, “Premier” or the “Offeror”) to acquire up to 51% of the issued and outstanding shares of RBI on the basis of one PDH common share in exchange for 2.5 RBI common shares (the “Exchange Ratio”). The reader is advised to refer to section 1.05 for more details on the Offer.

Russell is a reporting issuer whose shares are listed for trading on the TSX Venture Exchange (the “TSX-V”) under the symbol “RB”. PDH is a reporting issuer whose shares are listed for trading on the Canadian Stock Exchange (“CSE”) under the symbol “PDH”.

- 1.02 Russell was incorporated under the *Company Act* (British Columbia) on March 23, 2000. On March 29, 2005 the Company transitioned under the *Business Corporations Act* (British Columbia), which replaced the *Company Act* (British Columbia). The authorized capital of the Company consists of an unlimited number of common shares. As at the date of the Fairness Opinion (the “Opinion”), the Company has 87,083,788 common shares issued and outstanding.

RBI, headquartered in Surrey, British Columbia, brews, markets, sells and distributes a diverse portfolio of beers through its wholly-owned regional breweries: Russell Brewing Company (“RBC”) in B.C. and Fort Garry Brewing Company (“FGB”) in Manitoba.

RBC, located in Strawberry Hill, Surrey, B.C., has been brewing craft beer since 1995. RBC’s beer is 100% natural, has no preservatives and is not pasteurized.

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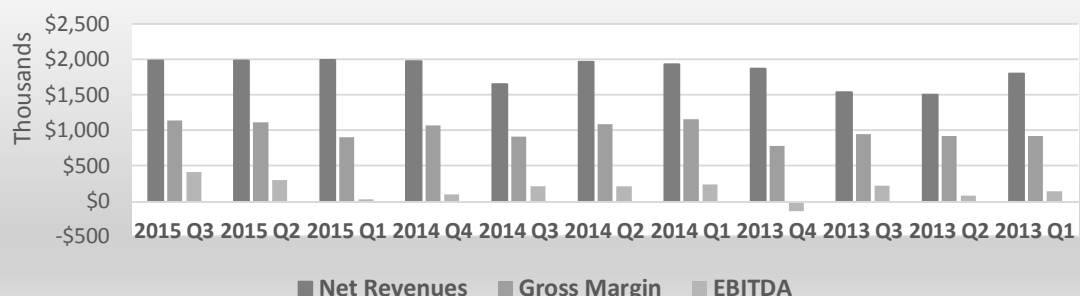
FGB, founded in 1930 by the Hoeschen family, is Manitoba's oldest microbrewery. Its recipes and brewing techniques have been passed down through the generations. In 2007, FGB was acquired by RBI.

The Company distributes its products in B.C., Alberta and Manitoba. In addition, RBI's products are also sold in the Yukon, Saskatchewan and New Brunswick through special orders and agency arrangements. Across both breweries, RBI has over 40 brands including all permanent, seasonal, specialty and collaboration product brands. The Company's customers include pubs, restaurants, private liquor stores, and government liquor stores. Currently, RBI has over five products permanently listed and sold at all B.C. Liquor Stores (government liquor stores).

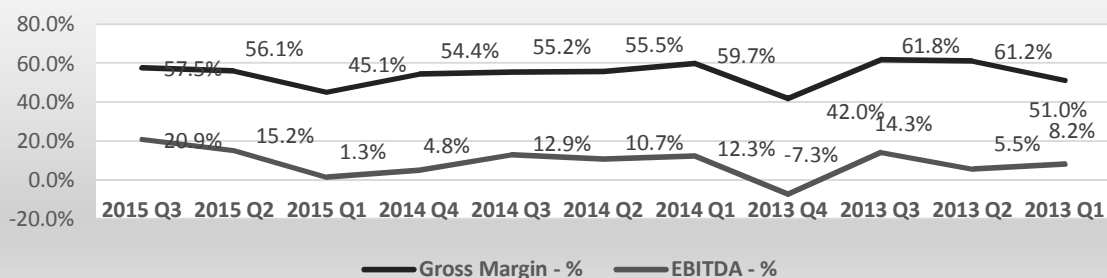
Financial Overview

The net revenues for fiscal year ("FY") ended June 30, 2014 were over C\$7.5 million, an increase of 12% compared to FY2013. Despite the direct competition from many newly-established microbreweries in the Canadian craft brewery industry, the Company has been successful in growing revenues and maintaining margins. RBI has had seven straight quarters of positive earnings before interest, taxes, depreciation and amortization ("EBITDA").

Revenues, Gross Margins, EBITDA by Quarter - Consolidated



Gross and EBITDA Margin by Quarter - Consolidated



- 1.03 Premier Diversified Holdings Inc. (formerly Premier Diagnostic Health Services Inc.), was formed by a Certificate of Amalgamation pursuant to the *Business Corporations Act* (British Columbia) on July 16, 2010, as the result of an amalgamation between Premier Diagnostic Health Services Inc., which was incorporated under the *Business Corporations Act* (British Columbia) on September 22, 2006 (“Old PDH”), and *Golden Hat Resources Inc.* (“Golden Hat”), a company originally incorporated under the *Company Act* (British Columbia), on January 14, 1982 under the name “Banex Resources Corporation” (the “Amalgamation”).

Prior to April 2015, PDH was focused on operating medical diagnostic imaging centers in Canada and China. These centers provide PET-CT (Positron Emission Technology / Computed Tomography) and/or MRI (Magnetic Resonance Imaging) scans. Activities included the development and operation of a PET-CT diagnostic scanning center in Burnaby, BC and the establishment of an MRI diagnostic scanning facility under a cooperative venture between PDH’s Chinese subsidiary and the Military Police Hospital No. 3 in Beijing, as well as the raising of capital, the identification and evaluation of potential additional locations for facilities, and the advancement of plans and regulatory approval for commencement of development of these other facilities.

In April 2015, PDH effected a change of business. The new business of Premier is to acquire and invest in the securities and/or assets of public and private entities which it believes have potential for significant returns. Under its stated investment policy (the “Investment Policy”), PDH may also act as a holding company (either directly or through a subsidiary) that may be active in the management of an investee entity to varying degrees. PDH will primarily invest in North American private and publicly listed companies.

Key aspects of the Investment Policy, as filed on SEDAR, are outlined below.

33% of the portfolio will be available to PDH’s Chief Executive Officer (“CEO”) to allocate into North American public securities. Prospective investments will be selected solely by the CEO, with input and advice from the Board of Directors of PDH (“PDH Board”) as required by the CEO when examining opportunities. The CEO will be able to execute on these investments with the approval of another director.

The remaining 67% of the portfolio will be channeled through management. Management shall make an assessment of whether the proposal fits with the Investment Policy and then proceed with preliminary due diligence, leading to a decision to reject or move the proposal to the next stage of PDH Board approval. This process may involve the participation of outside consultants. The PDH Board may form an Investment Board from amongst its members to assist in evaluating potential investments.

If management determines that an investment opportunity should be pursued, PDH will engage in an intensive due diligence process and prepare a report for the PDH Board. Approval of an investment for funding requires the approval of the majority of the PDH Board. All investments shall be submitted to the PDH Board for final approval.

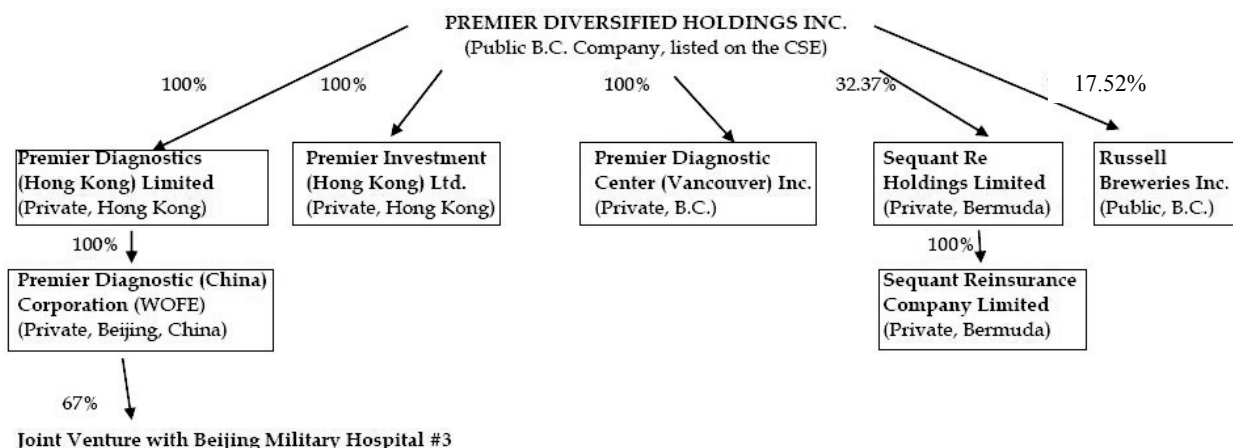
Premier’s investment objectives for the forthcoming 12 month period will be to seek a return from investment gains, interest income, dividend income, acquisition of other businesses,

consultation fees and/or advisory services fees. Premier plans to reinvest any profits of its investments to further the growth and development of its investment portfolio and/or operating subsidiaries. Premier intends to target primarily North American private and publicly listed companies.

Corporate Structure

Premier currently has three wholly-owned subsidiaries:

- Premier Diagnostics (Hong Kong) Limited (“PDHK”), a company constituted under the laws of Hong Kong, China.
- Premier Diagnostic Center (Vancouver) Inc. (“PDC Vancouver”), a company incorporated under the laws of British Columbia on February 25, 2014.
- Premier Investment (Hong Kong) Ltd. (“PIHK”), a company constituted under the laws of Hong Kong, China.



Investment Portfolio

PDHK is carrying out activities in furtherance of proposed expansion plans to establish new Premier Diagnostic Centers in China which PDH anticipates will provide PET-CT and/or MRI scans.

Management of PDH reports that PDC Vancouver has experienced a significant increase in scan volumes and booked its' first patient funded Alzheimer's scan (referred by the brain imaging research department at UBC in January 2015). PDH believes cooperation with the Alzheimer's community will benefit the Center and Alzheimer's research.

As at March 31, 2015, PDH holds a 32.37% interest in Sequant Re Holdings Limited (“SRHL”). On December 16, 2014, PDH completed the acquisition of 3,010,000 common

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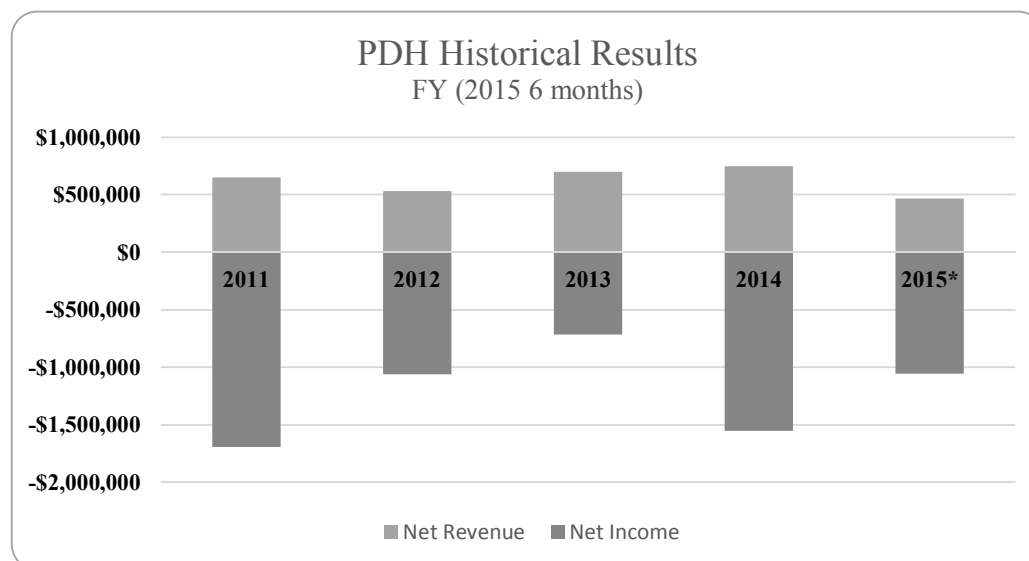
shares of SRHL at US\$0.50 per common share for total aggregate consideration of \$1,702,908 (US\$1,505,000). The acquisition resulted in PDH holding approximately 33.44% of the issued and outstanding common shares of SRHL. Subsequent to the initial acquisition, SRHL has issued additional common shares to third parties which has resulted in a dilution of PDH's holdings.

SRHL is a Bermuda company which, through its wholly owned subsidiary, Sequent Reinsurance Company Limited, operates as a reinsurance company which underwrites various reinsurance transactions and collateralizes its obligations through the issuance of insurance-linked securities ("ILSs"). The ILSs are offered to third party investors, and the capital from the sale of the ILSs is used to fund the reinsurance business. The investment in SRHL was an arm's length transaction.

Premier currently holds 17.52% of the outstanding common shares of Russell, and has entered into a lock-up agreement to acquire an additional 2.29% (a total of 19.8%). The shares of Russell were acquired through acquisitions in the market (July 2015) and through acquisition agreements with non-arms' length parties (June 2015).

Financial Position

PDH's FY runs from October 1 to September 20. Results for the FYs 2011 – 2014 and the first six months of FY 2015 are highlighted in the chart below. The reader is cautioned though, that the historical results reflect the operations of diagnostic imaging centres in Vancouver and China, and do not reflect the go-forward plan of acquiring and investing in securities.



1.04 Unless otherwise stated, all dollar amounts referred to herein are in Canadian dollars.

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1.05 Evans & Evans reviewed the Offer as filed by PDH on SEDAR. Key terms of the Offer are outlined below. The reader is advised to review the Offer in detail along with the Director's Circular prepared by the Board of RBI.

1. PDH will acquire up to 51% of the issued and outstanding common shares of Russell, which would represent 44,412,732 common shares.
2. PDH current holds 15,256,000 common shares of Russell. Accordingly PDH is seeking to acquire an additional 29,156,732 RBI common shares.
3. Consideration for the Russell common shares will be 0.4 shares of PDH for each 1 Russell common share.
4. No fractional Premier common shares will be issued pursuant to the Offer and no cash will be paid in lieu thereof. If as a result of the Offer, a Russell shareholder becomes entitled to a fractional Premier common share, such fraction will be rounded down to the nearest whole number.

In its Offer, the Offeror noted the following:

Upon the successful completion of the Offer, it is not the Offeror's intention to significantly alter Russell's existing business, but to create more opportunities for growth, and support long-term plans for consolidating the craft brewery industry. If the Offer is completed, Premier intends to provide Russell with:

- *Additional funds, as needed for further expansion of Russell's business;*
- *Expertise to raise capital at relatively low cost to Russell;*
- *Assistance in replacing Russell's existing high-cost debt with lower cost debt, reducing financing costs for Russell;*
- *Management support by retaining those members of Russell's management and Board that are performing well and replacing those that are not;*
- *Increased disclosure, in particular around compensation and related party transactions; and*
- *Alignment of compensation of executives for long-term success, as required.*

At this time, Premier does not intend to complete a second step transaction to acquire all of the Russell Shares, nor does it intend to alter Russell's TSX-V listing.

1.06 The Board retained Evans & Evans to act as an independent advisor and to prepare and deliver the Opinion to the Board to provide an independent opinion as to the fairness of the Offer, from a financial point of view, to the shareholder of Russell, excluding the Offeror, (the "Independent Shareholders").

2.0 Engagement of Evans & Evans, Inc.

- 2.01 Evans & Evans was formally engaged by the Board pursuant to an engagement letter with the Board signed June 26, 2015 (the “Engagement Letter”). The Engagement Letter provides the terms upon which Evans & Evans has agreed to provide the Opinion to the Board. The terms of the Engagement Letter provide that Evans & Evans is to be paid a flat professional fee for its services. In addition, Evans & Evans is to be reimbursed for its reasonable out-of-pocket expenses and to be indemnified by Russell in certain circumstances. The fee established for the Opinion has not been contingent upon the opinions presented.

Evans & Evans had been assisting the Company since January of 2015 in pursuing strategic options. Evans & Evans role as a financial advisor for Russell is not success-fee based.

3.0 Scope of Review

- 3.01 In connection with preparing the Opinion, Evans & Evans has reviewed and relied upon, or carried out, among other things, the following:

- Interviewed management of RBI on numerous occasions between January and July 2015. The purpose of the interviews were to gain an understanding of the current and planned operations of RBI.
- Conducted discussions with three parties identified by the Board with respect to the potential for a strategic transaction involving RBI.
- Reviewed Russell’s websites: www.russellbeer.com and www.fortgarry.com.
- Reviewed the Offer to Purchase 51% of the issued and outstanding shares of RBI dated June 26, 2015.
- Reviewed RBI’s draft Director’s Circular in response to the Offer.
- Reviewed RBI’s detailed asset listing. Management of the Company is of the view the fair market value of Russell’s property, plant and equipment exceeds its book value.
- Reviewed RBI’s management contracts. RBI does not have in place any contracts with management that have “change of control clauses”. Accordingly, if the Offer is successful, there will be no significant employment expenses incurred by Russell.

The services of Mr. Benjamin Li Yu, the Chief Executive Officer of the Company, are provided through a management contract between Russell and a company wholly-owned by Mr. Yu. The contract for Mr. Yu’s services does have a “change of control” clause. If the Offer is successful, any stock options or similar securities held beneficially by Mr. Yu shall automatically become fully vested.

- Reviewed the management-prepared unconsolidated quarterly income statements and balance sheets for RBC and FGB for quarter 2, 2008 through to quarter 2, 2015.

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- Reviewed RBI's Management Discussion and Analysis for the nine months ended March 31, 2015 and the years ended June 30, 2013 and 2014.
- Reviewed RBI's consolidated management-prepared financial statements for the nine months ended March 31, 2015.
- Reviewed RBI's consolidated financial statements for the years ended June 30, 2010 – 2014 as audited by Manning Elliott, LLP, Chartered Accountants of Vancouver, British Columbia.
- Reviewed RBI's news releases for the 18 months preceding the date of the Opinion.
- Reviewed the trading price and trading volume of RBI's shares on the TSX-V for the period January 1, 2014 to June 26, 2015.
- Reviewed a Letter of Offer dated June 25, 2015 from the Business Development Bank of Canada ("BDC") to FGB. The Letter of Offer outlines a loan of \$250,000 for the purchase of production equipment (\$200,000) and working capital (\$50,000). The equipment loan will bear interest at BDC's base rate of 5.15% plus a 1% variance per year and mature on April 15, 2025. The working capital loan will bear interest at BDC's floating base rate of 4.85% plus a variance of 3% per year and mature on October 15, 2020. The first principal repayments would occur in December of 2015 and would be monthly thereafter. The Company will be required to secure an appraisal supporting the market value of RBI's equipment of at least \$1,782,000. The loan is subject to certain covenants.
- Reviewed a Letter of Offer dated June 29, 2015 from the BDC to RBI. The Letter of Offer outlines a loan of \$788,000 to refinance RBI's existing debt as outlined in the following two bullets. The loan will bear interest at BDC's base rate of 5.15% plus a 1% variance per year and mature on April 15, 2023. The first principal repayments would occur in December of 2015 and would be monthly thereafter. The loan is subject to certain covenants.
- Reviewed the Loan Agreement dated January 2, 2014 between RBI, Donbing Ma (the "Guarantor"), Yan Zeng ("Zeng") and Weichun Ye ("Ye" and together with Zeng the "Lenders"). The Lenders provided Russell with a loan in the principal amount of \$500,000 with a maturity date of December 31, 2015. The interest rate of 9% per annum calculated and paid semi-annually. The loan is secured by a General Security Agreement covering all of RBI's assets. The loan was guaranteed by the Guarantor. Evans & Evans also reviewed the General Security Agreement dated January 20, 2014.
- Reviewed the Loan Agreement dated December 31, 2007 between RBI, Russell Brewing Company Ltd., Fort Garry Brewing Company Ltd. and Victoria Ross (the "Lender"). RBI borrowed \$965,000 which matured on December 31, 2010 with a value of \$1,239,000 (8.5% implied interest rate). RBI has re-negotiated the loan several times and made several payments. As at the date of the Opinion, the loan was bearing interest at

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10% per annum and matures on July 31, 2016. Evans & Evans also reviewed the July 2013 Amendment Agreement.

- Reviewed the Technology and Trade-Mark License agreement between Russell Breweries Inc., Russell Brewing Company Ltd. and Russell Breweries (China) Inc. (“Russell China”) dated October 2, 2012. RBI licensed Russell China the right to use certain trade-marks, trade secrets, know-how, techniques, and technology for the brewing of beer in China, including Hong Kong and Taiwan. The initial term ends October 1, 2016. There was an initial license fee (received) and a royalty per hectolitre of beer sold. No royalties have been received under the agreement.
- Reviewed RBI’s Shareholder Rights Plan Agreement dated June 30, 2015 between RBI and Computershare Trust Company of Canada (the “RBI Rights Plan”).
- Reviewed PDH’s website www.premierdiagnostics.ca and that of its investee SRHL (www.sequantre.com).
- Reviewed PDH’s Management Discussion and Analysis for the six months ended March 31, 2015 and the year ended September 30, 2014.
- Reviewed PDH’s Investment Policy as filed on SEDAR.
- Reviewed PDH’s material change report dated June 19, 2015 whereby PDH announced it had entered into agreements to acquire 14,506,000 common shares of RBI. Also reviewed a subsequent press release announcing the acquisition of a further 750,000 common shares of Russell in the market.
- Reviewed PDH’s press releases for the 18 months preceding the Date of Review.
- Reviewed the Amended Articles of Association of Premier Diversified Holdings Inc.
- Reviewed the Notice Alteration whereby PDH changed its name from Premier Diagnostic Health Services Inc. to Premier Diversified Holdings Inc. Also reviewed the Certificate of Change of Name dated April 21, 2015.
- Reviewed PDH’s management-prepared financial statements for the six months ended March 31, 2015.
- Reviewed PDH’s financial statements for the years ended September 30, 2011 - 2014 as audited by a Chan and Company LLP, Chartered Accountants of Vancouver, British Columbia.
- Reviewed PDH’s share price and volume data for the period January 1, 2014 to June 26, 2015.

- Reviewed stock market trading data and financial data on the following companies active in the brewery industry whose shares trade on North American stock exchanges: The Boston Beer Company, Inc., Anheuser-Busch, Inc., Molson Coors Brewing Company, Constellation Brands, Inc., Craft Brew Alliance Inc., Diageo plc (ADR), Big Rock Brewery Inc. and Brick Brewing Co. Limited.
- Reviewed stock market trading data and financial data on the following companies operating as investment issuers whose shares trade on North American stock exchanges: Alaris Royalty Corp., Clairvest Group, Inc., ONEX Corporation, Main Street Capital Corporation, Solar Capital Ltd., Apollo Investment Corporation, Saratoga Investment Corp., Mosaic Capital Corp., Full Circle Capital Corporation, Garrison Capital Inc., Gladstone Investment Corporation, Grenville Strategic Royalty Corp. and Difference Capital Financial Inc.
- Reviewed information on the brewery industry from such sources as: Brewers Association, Canadian Beer News, Ontario Craft Brewers' Association, B.C. Craft Brewers' Guild, Agriculture and Agri-Food Canada, Canadian Broadcasting Corporation, The Drinks Business, Edmonton Sun, Calgary Herald, Alberta Small Brewers Association, Global News, Winnipeg Free Press, Statistics Canada, Metro News, Manitoba Liquor and Lotteries, BC Business, Vancouver Sun, Beer Canada, IBISWorld, BC Liquor Distribution Branch and the Conference Board of Canada. In reviewing the market for RBI, Evans & Evans found the following:
 - One of the challenges facing craft brewers in Canada is the difficulty of entering the Canadian market. As almost every province regulates and distributes beer through provincial liquor control boards, the regulatory costs associated with establishing a new microbrewery are far greater for Canadian breweries than their US counterparts.
 - BC is home to approximately 100 craft breweries with Ontario, Quebec and British Columbia combining for more than 370 of the craft breweries in Canada. FGB is one of only three craft breweries resident in Manitoba.
 - Beer sales showed no growth in 2014 with sales of \$8.9 billion in Canada. Comparatively, ciders, coolers and other refreshment beverages grew 9.5% to \$693 million, wine sales increased 2.3% to \$6.4 billion and spirits grew by 0.5% to \$4.8 billion.
 - According to Beer Canada, the number of licensed breweries in Canada has risen almost 70% over the past five years to 520 operating in 2014. Over half of these breweries make their products in Ontario and Québec.

CANADA**Number of Licensed Breweries by Production Level**

Hectolitres	2009	2010	2011	2012	2013	2014
< 2,000	210	220	240	270	320	350
2,001 to < 5,000	30	30	30	40	40	70
5,001 to < 15,000	20	20	20	20	30	40
15,001 to < 50,000	10	10	10	20	10	30
50,001 to < 100,000	0	10	10	0	10	10
>100,000	20	20	20	20	20	20
Total	290	310	330	370	430	520

- Molson Coors is Canada's second-largest brewer by volume and North America's oldest beer company. However, its market share decreased to 37% in 2014 from 42% in 2010 as it lost the Modelo brands in 2014. Labatt owner InBev leads the Canadian market at 43% while other brewers make up 21% of the market, up from 17% in 2010.
- The Liquor Distribution Branch in British Columbia said craft beer sales had increased by 38% in 2014 over 2013 while in Ontario, a province with 110 craft breweries, the market has tripled since 2002 and is growing at 10% a year.
- Related to the point above, while craft beer sales have been growing at double digit rates, they still represent a very small portion of the Canadian market estimated at somewhere between 6% to 10%.
- Recent changes to B.C.'s approach to beer sales have been driven by the craft beer industry. The B.C. Craft Brewer Guild said last year that the market share of members' products doubled from 2010 to 2014, from 9% to nearly 19%. From 2013 to 2014, sales of craft beer grew in B.C. by 37%.
- In the past five years, the market share for the big brewers (including Labatt Brewing Co., a division of Anheuser-Busch InBev SA, and Molson Canada, a division of Denver-based Molson Coors Brewing Co.) has dropped 10 percentage points: they now account for 80% of beer sales in B.C., compared to 20% for locally owned brewers. In dollar values, the big brewers lost \$126 million in annual B.C. sales, while the locally owned brewers gained \$90 million. A 4% shrinkage of the overall beer market accounts for the remaining \$36 million in lost sales.
- Retail sales of craft beer in BC were \$174 million in 2013, more than double the \$84 million in 2009.

- In order to counter the craft brew craze, the major breweries are moving in two different directions: buying existing craft brewers or coming up with craft-like products.
- In Alberta, craft beer sales are higher near universities and in higher-income demographics.
- Statistics Canada recently released new numbers on the sale of alcoholic beverages in Canada, and concluded Canadians spent \$20.5 billion on beer, wine, and spirits in 2013/2014, up 1.1% from the previous year. Beer remains the drink of choice for many Canadians as \$8.7 billion was spent nationwide on the drink, which translates to approximately 2.2 billion litres.



- The most recent data from Statistics Canada show beer was not only the leading alcoholic beverage in Manitoba in the 2013-14 fiscal year, which ends on March 31, it was also the leader in terms of year-over-year sales growth. The agency reports that \$307 million worth of beer was sold in Manitoba in 2013 with spirits next at \$221.7 million, followed by wines at \$140.7 million and refreshment beverages (mainly coolers and ciders) at \$24.8 million.
- Manitoba Liquor and Lotteries reported that craft beer sales at Liquor Marts increased 32% between 2011 and 2013. Liquor Marts in Manitoba now have 389 types of craft beer available.
- There are 197 government-run liquor stores in B.C. and 741 private stores which, in terms of volume, split beer sales in the province. Ideally, brewers want to be in both

to generate brand awareness, however, the large number of private outlets do create significant opportunities beyond government stores.

- Reviewed information on mergers and acquisitions in the brewery industry.
- Reviewed information on PDH's market from such sources as Boston Consulting Group, Capgemini S.A., RBC Wealth Management, Ernst and Young LLP, Hedge Fund Research, Inc., and State Street Global Exchange.
- **Scope Restriction:** Evans & Evans did not interview management or directors of PDH.
- **Scope Restriction:** Evans & Evans did not review forward-looking financial projections for RBI or PDH as neither company has provided guidance on forward-looking results.

4.0 Prior Valuations

- 4.01 The Company has represented to Evans & Evans that there have been no formal valuations or appraisals relating to the Company or any affiliate or any of their respective material assets or liabilities made in the preceding three years which are in the possession or control of the Company that are not referenced in 3.0 of the Opinion.
- 4.02 Evans & Evans did not find any publicly available valuation reports relating to PDH or its subsidiaries or investments.

5.0 Conditions and Restrictions

- 5.01 The Opinion may not be issued to anyone, nor relied upon by any party beyond the TSX-V and the Board of Russell. The Opinion may be referenced and/or included in Russell's public disclosure documents and may be submitted to the Russell shareholders.
- 5.02 The Opinion may not be issued to any U.S. stock exchange and/or regulatory authority.
- 5.03 The Opinion may not be issued and/or used to support any type of value with any other third parties, legal authorities, nor stock exchanges, or other regulatory authorities, including any domestic or international tax authorities. Such use is done so without the consent of Evans & Evans and readers are advised of such restricted use as set out above. Nor can it be used or relied upon by any of these parties or relied upon in any legal proceeding and/or court matter.
- 5.04 Any use beyond that defined above in 5.01 to 5.03 is done so without the consent of Evans & Evans and readers are advised of such restricted use as set out above.
- 5.05 In preparing the Opinion, Evans & Evans has relied upon and assumed, without independent verification, the truthfulness, accuracy and completeness of the information and the financial data provided by Russell. Evans & Evans has therefore relied upon all specific information as received and declines any responsibility should the results presented be affected by the lack of completeness or truthfulness of such information. Publicly available information deemed relevant for the purpose of the analyses contained in the Opinion has also been used.

The Opinion is based on: (i) our interpretation of the information which the Company, as well as its representatives and advisers, have supplied to-date; (ii) publicly available information on PDH; (iii) our understanding of the terms of the Offer; and (iv) the assumption that the Offer, if successful, will be consummated in accordance with the expected terms.

- 5.06 The Opinion is necessarily based on economic, market and other conditions as of the date hereof, and the written and oral information made available to us until the date of the Opinion. It is understood that subsequent developments may affect the conclusions of the Opinion, and that, in addition, Evans & Evans has no obligation to update, revise or reaffirm the Opinion.
- 5.07 Evans & Evans denies any responsibility, financial, legal or other, for any use and/or improper use of the Opinion however occasioned.
- 5.08 Evans & Evans is expressing no opinion as to the price at which any securities of Russell or PDH will trade on any stock exchange at any time.
- 5.09 No opinion is expressed by Evans & Evans as to whether any alternative transaction might have been more beneficial to the Independent Shareholders.
- 5.10 Evans & Evans reserves the right to review all information and calculations included or referred to in the Opinion and, if it considers it necessary, to revise part and/or its entire Opinion and conclusion in light of any information which becomes known to Evans & Evans during or after the date of this Opinion.
- 5.11 In preparing the Opinion, Evans & Evans has relied upon a letter from officers of Russell confirming to Evans & Evans in writing that the information and representations made to Evans & Evans in preparing the Opinion are accurate, correct and complete, and that there are no material omissions of information that would affect the conclusions contained in the Opinion.
- 5.12 Evans & Evans has based its Opinion upon a variety of factors. Accordingly, Evans & Evans believes that its analyses must be considered as a whole. Selecting portions of its analyses or the factors considered by Evans & Evans, without considering all factors and analyses together, could create a misleading view of the process underlying the Opinion. The preparation of a fairness opinion is a complex process and is not necessarily susceptible to partial analysis or summary description. Any attempt to do so could lead to undue emphasis on any particular factor or analysis. Evans & Evans' conclusions as to the fairness, from a financial point of view, to the Independent Shareholders, of the Offer were based on its review of the Offer, in the context of all of the matters described under "Scope of Review", rather than on any particular element of the Offer or the Offer outside the context of the matters described under "Scope of Review". The Opinion should be read in its entirety.
- 5.13 Evans & Evans and all of its Principal's, Partner's, staff or associates' total liability for any errors, omissions or negligent acts, whether they are in contract or in tort or in breach of fiduciary duty or otherwise, arising from any professional services performed or not

performed by Evans & Evans, its Principal, Partner, any of its directors, officers, shareholders or employees, shall be limited to the fees charged and paid for the Opinion. No claim shall be brought against any of the above parties, in contract or in tort, more than two years after the date of the Opinion.

6.0 Assumptions

6.01 In preparing the Opinion, Evans & Evans has made certain assumptions as outlined below.

6.02 With the approval of Russell and as provided for in the Engagement Letter, Evans & Evans has relied upon, and has assumed the completeness, accuracy and fair presentation of, all financial information, business plans, forecasts and other information, data, advice, opinions and representations obtained by it from public sources or provided by Russell or its affiliates or any of their respective officers, directors, consultants, advisors or representatives (collectively, the “Russell Information”).

With the approval of Russell and as provided for in the Engagement Letter, Evans & Evans has relied upon, and has assumed the completeness, accuracy and fair presentation of, all financial information, business plans, forecasts and other information, data, advice, opinions and representations obtained by it from public sources on PDH (collectively, the “PDH Information” and together with the Russell Information the “Information”).

The Opinion is conditional upon such completeness, accuracy and fair presentation of the Information. In accordance with the terms of the Engagement Letter, but subject to the exercise of its professional judgment, and except as expressly described herein, Evans & Evans has not attempted to verify independently the completeness, accuracy or fair presentation of any of the Information.

6.03 Senior officers of the Company have represented to Evans & Evans that, among other things: (i) the Russell Information (other than financial forecasts, projections, estimates or budgets) provided orally by, an officer or employee of the Company or in writing by the Company (including, in each case, affiliates and their respective directors, officers, consultants, advisors and representatives) to Evans & Evans relating to the Company, its affiliates or the Offer, for the purposes of the Opinion, was, at the date the Information was provided to Evans & Evans, fairly and reasonably presented and complete, true and correct in all material respects, and did not, and does not, contain any untrue statement of a material fact in respect of the Company, its affiliates or the Offer and did not and does not omit to state a material fact in respect of the Company, its affiliates or the Offer that is necessary to make the Information not misleading in light of the circumstances under which the Information was made or provided; (ii) with respect to portions of the Information that constitute financial forecasts, projections, estimates or budgets, they have been fairly and reasonably presented and reasonably prepared on bases reflecting the best currently available estimates and judgments of management of the Company or its associates and affiliates as to the matters covered thereby and such financial forecasts, projections, estimates and budgets reasonably represent the views of management of the financial prospects and forecasted performance of the Company; and (iii) since the dates on which the Information was provided to Evans & Evans, except as disclosed in writing to Evans & Evans, there has been no material change,

financial or otherwise, in the financial condition, assets, liabilities (contingent or otherwise), business, operations or prospects of the Company, or any of its affiliates and no material change has occurred in the Information or any part thereof which would have, or which would reasonably be expected to have, a material effect on the Opinion.

- 6.04 In preparing the Opinion, we have made several assumptions, including that all final or executed versions of documents will conform in all material respects to the drafts provided to us, all of the conditions required to implement the Offer will be met, all consents, permissions, exemptions or orders of relevant third parties or regulating authorities will be obtained without adverse condition or qualification, the procedures being followed to implement the Offer are valid and effective and that the disclosure provided or (if applicable) incorporated by reference in any circular provided to shareholders with respect to Russell, PDH and the Offer will be accurate in all material respects and will comply with the requirements of applicable law. Evans & Evans also made numerous assumptions with respect to industry performance, general business, market and economic conditions and other matters, many of which are beyond the control of Evans & Evans and any party involved in the Offer. Although Evans & Evans believes that the assumptions used in preparing the Opinion are appropriate in the circumstances, some or all of these assumptions may nevertheless prove to be incorrect.
- 6.05 Russell, PDH and all of their related parties and their principals had no contingent liabilities, unusual contractual arrangements, or substantial commitments, other than in the ordinary course of business, nor litigation pending or threatened, nor judgments rendered against, other than those disclosed by management in the Company's financial statements and included in the Opinion that would affect the evaluation or comment.
- 6.06 An audit of Russell's financial statements for the nine months ended March 31, 2015 and PDH's financial statements for the six months there ended, would not result in any material changes to the management-prepared financial statements available on SEDAR.
- 6.07 There was no material change in the financial position of Russell or PDH between the date of the most recent financial statements (March 31, 2015) and July 6, 2015 (the "Date of Review") unless noted and outlined in the Opinion.
- 6.08 Representations made by Russell and PDH with respect to the number of shares outstanding in each company are accurate.
- 6.09 Representations made by PDH with respect to the number of shares in Russell currently held by PDH of 15,256,000 as of the Date of Review are accurate.
- 6.10 PDH's stated objective is to acquire 51% of the issued and outstanding common shares of RBI, which would represent 44,412,732 common shares. As noted above, as at the Date of Review, PDH held 15,256,000 common shares of RBI. Accordingly, if successful, the Offer would entail PDH acquiring an additional 29,156,732 common shares of RBI.

7.0 Fairness Considerations

7.01 In considering fairness, from a financial point of view, Evans & Evans considered the Offer from the perspective of the Independent Shareholders as a group and did not consider the specific circumstances of any particular shareholder, including with regard to income tax considerations.

7.02 In considering the fairness of the Offer, from a financial point of view, Evans & Evans undertook the following:

- a) A review of the trading data for Russell's common shares for the period January 1, 2014 to the date of the announcement of the Offer on June 26, 2015 (the "Announcement Date"). While Evans & Evans reviewed the trading data over an 18 month period, the data and analysis focused only the previous 180 trading days. In the view of Evans & Evans, changes in market conditions, the Company's results and other economic factors make a detailed analysis beyond 180 days not as relevant to what shareholders are able to realize from their shareholdings as at the Announcement Date.

The authors of the Opinion found for the 180 trading days preceding June 26, 2015 the Company's common shares closed at an average price in the range of \$0.05 to \$0.06 with a daily average trading volume of 91,684 shares per day. In total over the 180 trading days preceding the Announcement Date, 16,503,179 (19%) of the issued and outstanding common shares of Russell were traded. Shares traded on 142 of the 180 trading days preceding the Announcement Date.

RBI Trading Price - Respecting June 26, 2015

	<u>Minimum</u>	<u>Average</u>	<u>Maximum</u>
10-Days Preceding	0.050	0.056	0.060
30-Days Preceding	0.050	0.057	0.060
90-Days Preceding	0.050	0.056	0.060
180-Days Preceding	0.045	0.056	0.065

RBI Trading Volume - June 26, 2015

	<u>Minimum</u>	<u>Average</u>	<u>Maximum</u>	<u>Total</u>	<u>%</u>
10-Days Preceding	0	95,607	326,000	956,070	1.1%
30-Days Preceding	0	76,768	326,000	2,303,034	2.6%
90-Days Preceding	0	81,041	591,000	7,293,714	8.4%
180-Days Preceding	0	91,684	996,398	16,503,179	19.0%

RBI Market Capitalization Based on Average Share Price

<u>Days Preceding the Announcement Date</u>				
	<u>10</u>	<u>30</u>	<u>90</u>	<u>180</u>
	\$4,880,000	\$4,990,000	\$4,880,000	\$4,850,000

Given the above, the authors of the Opinion deemed it necessary to examine the trading history of the Company to determine the actual ability of common shareholders to realize the implied value of their shares (i.e., sell). In examining the trading volumes of the Company over 180 trading days preceding the Date of Review it is apparent that daily trading volumes are low. This indicates that large numbers of common shareholders actual ability to realize their shares current trading price is highly unlikely.

- b) A review of the trading data for PDH's common shares for the period January 1, 2014 to the Announcement Date. The authors of the Opinion found for the 180 trading days preceding June 26, 2015 PDH's common shares closed at an average price in the range of \$0.20 to \$0.225 with a daily average trading volume of 31,167 shares per day. In total over the 180 trading days preceding June 26, 2015, approximately 5.6 million (4.1%) of the issued and outstanding common shares of PDH were traded. Shares traded on 143 of the 180 trading days preceding June 26, 2015.

The reader should be aware that PDH significantly increased the number of common shares outstanding through a series of transactions in 2014 and 2015:

- October 2, 2014 approximately 44.2 million PDH common shares were issued in a non-brokered private placement at a price of \$0.18 per share.
- On October 22, 2014, PDH issued a total of 10,000,000 common shares were issued following receipt of conversion notices relating to convertible preferred shares of PDH's subsidiary, Premier Diagnostic Center (Vancouver) Inc. in the amount of \$500,000.
- On October 22, 2014, PDH issued a total of 9,196,885 common shares and 9,196,885 share purchase warrants following receipt of conversion notices relating to certain convertible debentures.
- During the six months ended March 31, 2015, 9,196,885 share purchase warrants were exercised for proceeds of \$459,844.

PDH Trading Price - Respecting June 26, 2015			
	<u>Minimum</u>	<u>Average</u>	<u>Maximum</u>
10-Days Preceding	0.200	0.205	0.210
30-Days Preceding	0.190	0.212	0.230
90-Days Preceding	0.190	0.224	0.255
180-Days Preceding	0.170	0.218	0.290

PDH Trading Volume - June 26, 2015					
	<u>Minimum</u>	<u>Average</u>	<u>Maximum</u>	<u>Total</u>	<u>%</u>
10-Days Preceding	0	12,950	49,500	129,500	0.1%
30-Days Preceding	0	23,753	167,600	712,600	0.5%
90-Days Preceding	0	30,358	341,600	2,732,200	2.0%
180-Days Preceding	0	31,167	389,000	5,610,000	4.1%

PDH Market Capitalization Based on Average Share Price			
Days Preceding the Announcement Date			
10	30	90	180
\$27,930,000	\$28,840,000	\$30,530,000	\$29,720,000

- c) In reviewing the trading price of PDH and RBI, as can be seen from the chart below, prior to September 2014, the trading price of RBI exceeded that of PDH. Since September 2014, the trading price of the commons shares of both RBI and PDH has been relatively stable.



From January 1, 2014 to September 5, 2014, PDH's shares closed at an average price of \$0.026 per share. Between September 5, 2014 and June 26, 2015, PDH's shares closed at an average price of \$0.22 per share. Given the significant increase in PDH's trading price, Evans & Evans reviewed PDH's news releases to gain and understanding of what triggered significant increases in share price day-to-day. Evans & Evans has highlighted the key events associated with the change in share price.

Date	Closing Price Change over Previous Day Close	Volume	Event
Sep 8/14	\$0.04	5,000	PDH announces the appointment of Sanjeev Parsad as President and CEO effective September 1, 2014. Shares close at \$0.10.
Sep 9/14	\$0.05	25,800	No news release issued. Shares close at \$0.15.
Sep 11/14	\$0.045	426,800	On Sep 10/14 PDH announced a private placement for gross proceeds of up to \$7.2 million at a price of \$0.18 per share. Shares

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Date	Closing Price Change over Previous Day Close	Volume	Event
			close at \$0.205.

- d) A review of the financial results of Russell. As can be seen from the table below, the Company's revenues increased in each of the previous three FYs. Net revenues for the nine months ended March 31, 2015 are up approximately \$420,000 over the same period in the previous year. RBI is also on track for its second straight year of positive net income. However it is important to note that, the Company's improved financial results have not translated into higher share prices as of the date of the Opinion.

The Company has been successful in controlling expenses as revenues have increased. Historically, the borrowing costs have been significant which have dragged down results.

The Company has also lacked the funds to expand in FGB and to upgrade certain RBC equipment. FGB intends to expand capacity with the recently announced loan from the BDC. Historically, on a divisional basis, FGB has been profitable, but RBC has not. In FY 2014, RBC results began to improve, which has translated to positive consolidated net income.

	2011	2012	2013	2014	2015*
Net Revenues	\$6,206,354	\$6,477,995	\$6,732,226	\$7,545,459	\$5,985,879
Gross Margin	\$2,779,165	\$3,423,420	\$3,584,406	\$4,242,845	\$3,166,076
Net Income	-\$1,521,511	-\$1,109,166	-\$545,619	\$61,720	\$347,699

*Nine months

- e) A review of the financial results of PDH. As can be seen from the table below, PDH's revenues from its historical diagnostic business have fluctuated, as have net losses. PDH's revenues for the first six months of March 31, 2015 were \$463,947, a 40.5% increase over the same period ended March 31, 2014. However, PDH's net loss year-over-year for the same period increased from \$406,423 to \$1,058,250.

Given the early stage of transition to a new business model, Evans & Evans was unable to assess the performance of PDH as an investment holding company. Generally, investment holding companies financial performance is measured by changes in its net asset value ("NAV").

	2011	2012	2013	2014	2015*
Net Revenue	\$647,350	\$532,818	\$698,763	\$747,799	\$463,947
Net Income	-\$1,690,979	-\$1,059,352	-\$716,024	-\$1,550,832	-\$1,058,250

- f) A review of Russell's working capital and debt to equity ratios. As can be seen from the table below, the Company has been historically constrained by working capital and its

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total debt. However, over the past two FYs, RBI has improved its working capital position. Total debt, since peaking in FY 2012, has also been reduced.

RBI	June 30,			March 31,	
	2011	2012	2013	2014	2015
Working Capital	-\$683,982	-\$1,623,456	-\$393,368	\$1,016,126	\$1,347,823
Current Ratio	0.75 (X)	0.52 (X)	0.85 (X)	1.66 (X)	2.45 (X)
Long-Term Debt to Equity	0.45 (X)	0.07 (X)	0.02 (X)	0.13 (X)	0.09 (X)
Total Debt to Equity	0.57 (X)	0.65 (X)	0.32 (X)	0.25 (X)	0.15 (X)
Total Debt (\$)	\$536,284	\$1,957,800	\$1,177,168	\$1,104,136	\$648,385

- g) A review of PDH's working capital and debt to equity ratios. As can be seen from the table below, PDH has nominal debt and significant working capital. As noted above, comparison of historical results for PDH is misleading given the change in business which occurred in April of 2015. As at March 31, 2015 PDH had cash on hand for both day-to-day operations and investment of \$6.1 million.

PDH	September 30,			March 31,	
	2011	2012	2013	2014	2015
Working Capital	-\$767,057	-\$1,193,396	-\$1,231,875	-\$1,586,649	\$5,042,759
Current Ratio	0.26 (X)	0.10 (X)	0.14 (X)	0.80 (X)	5.15 (X)
Long-Term Debt to Equity	0.26 (X)	-0.96 (X)	0.00 (X)	0.00 (X)	0.00 (X)
Total Debt to Equity	0.34 (X)	-2.07 (X)	-0.98 (X)	-0.74 (X)	0.06 (X)

- h) A review of the value, if any, implied for Russell based on any financings undertaken in the 24 months preceding the Opinion. In FY 2013, the Company redeemed convertible debentures totaling \$740,750 by issuing a total of 4,938,333 common shares of RBI at a price equal to \$0.15 per common share. Evans & Evans did not deem the redemption of convertible debentures as reflective of the current market value of Russell given the length of time since the convertible debentures were redeemed and that the Company's common stock has not traded near \$0.15. In May and June of 2014, RBI issued 8,333,333 common shares in a private placement for gross proceeds of approximately \$500,000 at an implied value of \$5.2 million. Given the relatively small size of the private placement (less than 10%), this was not deemed reflective of the current value of RBI.

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May & June 2014 Private Placement	
Price Per Share	\$0.06
Shares Issued	8,333,333
Gross Proceeds	\$500,000
Shares Outstanding Prior to Financing	78,350,455
Shares Outstanding Post Financing	86,683,788
% of PDH Issued in Financing	9.6%
Implied Value of 100% of RBI	\$5,201,027

- i) A review of the value, if any, implied for PDH based on any financings undertaken in the 24 months preceding the Opinion. In October of 2014, PDH issued 44,173,389 common shares in a private placement for gross proceeds of \$7,951,210 at an implied value of approximately \$17.2 million for 100% of the issued and outstanding shares of PDH.

PDH October 2, 2014 Private Placement	
Price Per Share	\$0.18
Shares Issued	44,173,389
Gross Proceeds	\$7,951,210
Shares Outstanding Prior to Financing	51,173,464
Shares Outstanding Post Financing	95,346,853
% of PDH Issued in Financing	46.3%
Implied Value of 100% of PDH	\$17,162,434

- j) A review of the value implied for Russell based on consideration of the trading multiples of companies operating in the brewery industry and whose shares trade on North American stock exchanges. In undertaking the analysis, Evans & Evans found the Company's enterprise value ("EV") to EBITDA multiple was well below its peers, which does suggest the current market capitalization of Russell is below its market value.

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Page 23**Identified Guideline Companies**

Company Name	Ticker	Exchange	Market Capitalization	Enterprise Value	TTM Revenue	TTM Gross Profit	TTM EBITDA	EV/ EBITDA
The Boston Beer Company, Inc.	SAM	NYSE	2,309.67	2,188.04	918.66	465.01	195.35	11.20
Anheuser-Busch, Inc.	BUD	NYSE	202,763.40	249,512.40	46,910.00	25,600.00	18,110.00	13.78
Molson Coors Brewing Company	TAP	NYSE	11,770.26	14,727.96	4,030.00	1,650.00	774.50	19.02
Constellation Brands, Inc.	STZ	NYSE	20,181.06	27,529.56	6,030.00	2,580.00	1,790.00	15.38
Craft Brew Alliance Inc	BREW	NASDAQ	223.82	242.39	197.90	58.71	12.98	18.67
Diageo plc (ADR)	DEO	NYSE	75,048.44	84,289.44	16,100.00	10,650.00	5,020.00	16.79
Big Rock Brewery Inc.*	BR	TSX	45.04	49.83	36.67	17.61	0.60	83.33
Brick Brewing Co. Limited*	BRB	TSX	59.01	62.69	36.50	10.65	5.42	11.57
Russell Breweries Inc.*	RB	TSX-V	5.23	5.45	7.97	4.24	0.84	6.50
TTM=Trailing Twelve Months	EV = Enterprise Value						Average (Excluding RBI)	23.72
US\$ Millions	*Canadian Dollars Millions						Median (Excluding RBI)	16.09
							Coefficient of Variance	1.02

Selected Guideline Companies

Company Name	Ticker	Exchange	Market Capitalization	Enterprise Value	TTM Revenue	TTM Gross Profit	TTM EBITDA	EV/ EBITDA
The Boston Beer Company, Inc.	SAM	NYSE	2,309.67	2,188.04	918.66	465.01	195.35	11.20
Molson Coors Brewing Company	TAP	NYSE	11,770.26	14,727.96	4,030.00	1,650.00	774.50	19.02
Constellation Brands, Inc.	STZ	NYSE	20,181.06	27,529.56	6,030.00	2,580.00	1,790.00	15.38
Craft Brew Alliance Inc	BREW	NASDAQ	223.82	242.39	197.90	58.71	12.98	18.67
Brick Brewing Co. Limited*	BRB	TSX	59.01	62.69	36.50	10.65	5.42	11.57
Russell Breweries Inc.*	RB	TSX-V	5.23	5.45	7.97	4.24	0.84	6.50
TTM=Trailing Twelve Months	EV = Enterprise Value						Average (Excluding RBI)	15.17
US\$ Millions	*Canadian Dollars Millions						Median (Excluding RBI)	15.38
							Coefficient of Variance	0.25

- k) A review of the size and scope of the market opportunity for Russell as outlined in section 3.0 of the Opinion. Evans & Evans found the outlook for the Company's market to be positive, with all forecasts showing growth over the next three to five years. Further, given the number of craft breweries in B.C. and in Canada, consolidation in the industry is expected to occur.
- l) A review of the value implied for PDH based on consideration of the trading multiples of companies operating in the investment industry and whose shares trade on North American stock exchanges. However, as noted above, investment companies' performance is generally measured by EV / NAV. However, over 90% of PDH's NAV is cash, and accordingly it does not appear PDH's market capitalization is being determined by financial fundamentals given the early stage of its transition to a new business model.

As outlined in the following tables, PDH's EV / NAV multiple currently significantly exceeds identified companies in the space, which could suggest investors are valuing the potential of PDH's new business model higher than its current results support.

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PDH	
Net Asset Value - March 31, 2015	\$6,785,541
Plus: RBI Common Shares ¹	\$915,360
Net Asset Value - Announcement Date	\$7,700,901
Shares Outstanding	136,251,773
NAV / Share	\$0.06
Announcement Date - Trading Price	\$0.20
Market Capitalization	\$27,250,355
Enterprise Value	\$21,525,347
Enterprise Value / NAV	3.17 (x)
Market Capitalization / NAV	3.54 (x)

¹ RBI Common Shares Held by PDH	15,256,000
Market Price as at Announcement Date	\$0.06
	\$915,360

Identified Guideline Companies

Company Name	Ticker	Exchange	Market Capitalization	Enterprise Value	Net Asset Value ("NAV")	EV/NAV
Alaris Royalty Corp.	AD.TO	TSE	991.8	968.1	\$546.0	1.77
Clairvest Group, Inc.	CVG.TO	TSE	442.8	285.7	\$447.7	0.64
ONEX Corporation	OCX.TO	TSE	7,416.0	25,768.1	\$2,554.4	10.09
Main Street Capital Corporation	MAIN	NYSE	2,009.2	2,777.8	\$1,340.8	2.07
Solar Capital Ltd.	SLRC	NASDAQ	958.0	501.2	\$1,151.0	0.44
Apollo Investment Corporation	AINV	NASDAQ	2,111.4	3,960.7	\$2,396.8	1.65
Saratoga Investment Corp	SAR	NYSE	115.9	282.9	\$151.7	1.87
Mosaic Capital Corp	M	TSX-V	85.2	208.7	\$178.2	1.17
Full Circle Capital Corporation	FULL	NASDAQ	106.4	179.1	\$127.0	1.41
Garrison Capital Inc.	GARS	NASDAQ	312.4	568.1	\$319.4	1.78
Gladstone Investment Corporation	GAIN	NASDAQ	289.4	537.3	\$338.2	1.59
Grenville Strategic Royalty Corp.	GRC	TSX-V	87.7	87.4	\$31.5	2.77
Difference Capital Financial Inc.	DCF	TSX-V	30.9	51.1	\$67.6	0.76
TSE companies In CAD\$ millions					Average:	2.15
NYSE & NASDAQ companies In USD\$ millions					Median:	1.65
TTM = Trailing Twelve Months					Coefficient of Variance:	1.14

Selected Guideline Companies

Company Name	Ticker	Exchange	Market Capitalization	Enterprise Value	Net Asset Value ("NAV")	EV/NAV
Clairvest Group, Inc.	CVG.TO	TSE	442.8	285.7	\$447.7	0.64
Mosaic Capital Corp	M	TSX-V	85.2	208.7	\$178.2	1.17
Full Circle Capital Corporation	FULL	NASDAQ	106.4	179.1	\$127.0	1.41
Gladstone Investment Corporation	GAIN	NASDAQ	289.4	537.3	\$338.2	1.59
Difference Capital Financial Inc.	DCF	TSX-V	30.9	51.1	\$67.6	0.76
TSE companies In CAD\$ millions					Average:	1.11
NYSE & NASDAQ companies In USD\$ millions					Median:	1.17
TTM = Trailing Twelve Months					Coefficient of Variance:	0.37

8.0 Fairness Conclusions

8.01 Based upon and subject to the foregoing and such other matters as we consider relevant, it is our opinion, as of the date hereof, that the terms of the Offer are **not fair**, from a financial point of view, to the Independent Shareholders giving consideration to both the quantitative factors outlined above and the qualitative factors outlined below.

8.02 In arriving at the conclusions outlined above, Evans & Evans considered:

- a) The Exchange Ratio does imply a 40% to 63% premium to the current trading price for RBI. However, as noted above, the market value of the PDH shares do not appear to be trading on financial fundamentals and accordingly, there is no assurance the share price will be maintained as PDH implements its new business model. Further, as noted above, the RBI common shares are trading at a multiple below what is suggested by its financial performance. From a strictly market price, the Offer represents a premium for the RBI common shares. In the view of Evans & Evans, the Offer does not represent a premium if RBI and PDH are valued based on their financial fundamentals.

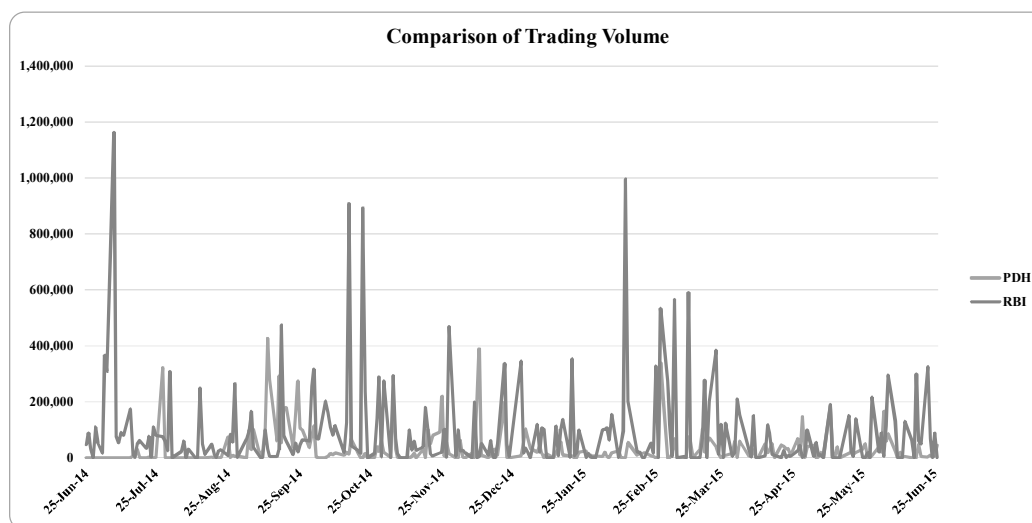
C\$ As at the Date of Review	RBI	PDH	Ratio	Implied Value RBI	Premium to Volume Weighted Price
10 - Day Volume Weighted Price	\$0.06	\$0.20	0.4	\$0.081	42.5%
30 - Day Volume Weighted Price	\$0.06	\$0.21	0.4	\$0.085	48.9%
90 - Day Volume Weighted Price	\$0.06	\$0.23	0.4	\$0.090	63.1%

- b) If PDH is successful with the Offer, RBI would have one shareholder group who holds 51% of the shares of the Company which limits the potential for increased liquidity in terms of trading volumes. The existence of a large shareholder bloc also limits the ability of the Independent Shareholders to realize value from their shares of Russell from some other liquidity event (i.e., an arms' length purchaser), in the view of Evans & Evans. With 51% of the issued and outstanding shares PDH would essentially control any liquidity event.

- c) As noted above, PDH has one shareholder group that controls approximately 37% of the issued and outstanding shares of PDH, which limits the opportunity for increase liquidity in PDH's shares. As such, if the Offer is successful, the same shareholder group would control both PDH and RBI and the Independent Shareholders, as minority shareholders would have little opportunity to effect change in either company.
- d) As at the date of the Opinion, PDH had approximately 136.2 million shares outstanding, which is significantly more than RBI. The significant number of shares outstanding may hinder the ability of PDH to raise future rounds of financing if required.
- e) PDH is at the very early stages of transition to an investment holding company. As such, its portfolio is limited to three investments. Further, PDH has issued no guidance on the sectors it plans to invest in. The current portfolio is not diversified which increases the exposure of PDH to a change in value in any one investment.
- f) Related to the point above, two of the three PDH investments are in private companies, meaning a realized or unrealized gain in the value of the investment can only come through some sort of triggering event - i.e., a new financing or a merger / acquisition.
- g) PDH's broad investment guidelines raises risks with the ability of the PDH management team and PDH Board having sufficient subject area expertise on the investment committee and management team for every investment.
- h) Based on the trading volumes in the 90 days preceding the Announcement Date, it does appear that RBI common shares, in aggregate, are more liquid than PDH shares. An analysis over a longer trading period was difficult given the significant change in the number of PDH common shares in the eight months preceding the date of the Opinion.

Number of Shares Traded Preceding Announcement Date	RBI	As a % of Total Outstanding	PDH	As a % of Total Outstanding
10-Days Preceding	956,070	1.10%	129,500	0.10%
30-Days Preceding	2,303,034	2.64%	712,600	0.52%
90-Days Preceding	7,293,714	8.38%	2,732,200	2.01%
180-Days Preceding	16,503,179	18.95%	5,610,000	4.12%

As can be seen from the chart below, RBI's number of shares traded per day over the 12 months preceding the Announcement Date, generally exceeded the number of PDH shares traded. Accordingly, large numbers of Independent Shareholders may not be able to trade PDH common shares in the market at prevailing market prices.



- i) Related to the point above, based on publicly available data, approximately 51,137,535 of PDH's common shares are held by related parties. Evans & Evans therefore adjusted the trading volume of PDH to reflect the number of PDH shares in the public float as outlined in the table below. Once adjusted for the number of PDH shares held by related parties, the PDH shares still appear to be less liquid than the RBI shares.

Trading Volume - June 26, 2015 - Adjusted for Public Float		
	<u>Total</u>	<u>%</u>
10-Days Preceding	129,500	0.2%
30-Days Preceding	712,600	0.8%
90-Days Preceding	2,732,200	3.2%
180-Days Preceding	5,610,000	6.6%

- j) The CSE is a much smaller stock exchange than is the TSX-V. The CSE reports it has over 210 listed securities and over 80 dealers. Comparatively, the TSX-V has 2,141 listed companies with a quoted market value in excess of \$33.1 billion. While most major Canadian dealers are connected to the CSE, the CSE is actively working on expanding the availability of quotes and online trading access within discount brokerages across North America.
- 8.03 In assessing the fairness of the Offer from a financial point of view to the Russell shareholders, other than the Offeror, Evans & Evans also considered other potential benefits that may be realized subsequent to the completion of the Offer. No further qualitative or quantitative factors were identified.

9.0 Qualifications & Certification

- 9.01 The Opinion preparation was carried out by Jennifer Lucas and thereafter reviewed by Michael Evans.

Mr. Michael A. Evans, MBA, CFA, CBV, ASA, Principal, founded Evans & Evans, Inc. in 1989. For the past 29 years, he has been extensively involved in the financial services and management consulting fields in Vancouver, where he was a Vice-President of two firms, The Genesis Group (1986-1989) and Western Venture Development Corporation (1989-1990). Over this period he has been involved in the preparation of over 1,500 technical and assessment reports, business plans, business valuations, and feasibility studies for submission to various Canadian stock exchanges and securities commissions as well as for private purposes. Formerly, he spent three years in the computer industry in Western Canada with Wang Canada Limited (1983-1986) where he worked in the areas of marketing and sales.

Mr. Michael A. Evans holds: a Bachelor of Business Administration degree from Simon Fraser University, British Columbia (1981); a Master's degree in Business Administration from the University of Portland, Oregon (1983) where he graduated with honors; the professional designations of Chartered Financial Analyst (CFA), Chartered Business Valuator (CBV) and Accredited Senior Appraiser. Mr. Evans is a member of the CFA Institute, the Canadian Institute of Chartered Business Valuators ("CICBV") and the American Society of Appraisers ("ASA").

Ms. Jennifer Lucas, MBA, CBV, ASA, Partner, joined Evans & Evans in 1997. Ms. Lucas possesses several years of relevant experience as an analyst in the public and private sector in British Columbia and Saskatchewan. Her background includes working for the Office of the Superintendent of Financial Institutions of British Columbia as a Financial Analyst. Ms. Lucas has also gained experience in the Personal Security and Telecommunications industries. Since joining Evans & Evans Ms. Lucas has been involved in writing and reviewing over 500 valuation and due diligence reports for public and private transactions.

Ms. Lucas holds: a Bachelor of Commerce degree from the University of Saskatchewan (1993), a Masters in Business Administration degree from the University of British Columbia (1995). Ms. Lucas holds the professional designations of Chartered Business Valuator and Accredited Senior Appraiser. She is a member of the CICBV and the ASA.

- 9.02 The analyses, opinions, calculations and conclusions were developed, and this Opinion has been prepared in accordance with the standards set forth by the Canadian Institute of Chartered Business Valuators.
- 9.03 The authors of the Opinion have no present or prospective interest in Russell, PDH, or any entity that is the subject of this Opinion, and we have no personal interest with respect to the parties involved.

Evans & Evans was retained by Russell to assist in a review of strategic options. Evans & Evans completed the work prior to the Offer and was paid a fixed fee for its services. Evans

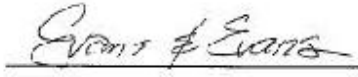
RUSSELL BREWERIES INC.

July 8, 2015

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& Evans has not currently been retained by RBI to pursue alternative transactions that would result in the payment of any success fees.

Yours very truly,

A handwritten signature in cursive script, appearing to read "Evans & Evans", is written over a horizontal line.

EVANS & EVANS, INC.

EVANS & EVANS, INC.

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NO NEED FOR IMMEDIATE ACTION

The Partial Offer is scheduled to expire at 5:00 p.m. (EDT) on August 4, 2015 and is subject to a number of conditions that may never be satisfied.

The Board of Directors recommends that you do not take any action to ensure that you are able to consider all of the options available to you.

If you have already tendered your Russell Shares to the Partial Offer, you should **WITHDRAW** them. If you require further information on how to withdraw your Russell Shares, you are encouraged to contact our Information Agent, Laurel Hill Advisory Group as described below.

**QUESTIONS MAY BE DIRECTED
TO THE INFORMATION AGENT:**



**NORTH AMERICAN TOLL-FREE
1-877-452-7184
Banks Brokers or Collect Calls: 416-304-0211
Email: assistance@laurelhill.com**

REJECT THE HOSTILE OFFER AND DO NOT TENDER YOUR RUSSELL SHARES