

Form 51-102F3
Material Change Report

Item 1. Name and Address of Company

Russell Breweries Inc. ("Russell" or the "Company")
202 - 13018 80th Avenue
Surrey, B.C. V3W 3A8

Item 2. Date of Material Change

July 21, 2015.

Item 3. News Release

The news release was issued on July 21, 2015 and was disseminated via Marketwired and filed on SEDAR.

Item 4. Summary of Material Change

On July 21, 2015, Russell and Premier Diversified Holdings Inc. ("**Premier**") announced that the parties have reached an agreement ("**Agreement**") with respect to Premier's formal takeover bid (the "**Bid**") for up to 51% of the outstanding common shares ("**Russell Shares**") of Russell.

Under the Agreement, Premier has agreed to withdraw the Bid and not take any action to take-up any Russell Shares under the Bid and also provides, among other terms, that the Board of Directors of Russell will be reconstituted to five members until Russell's 2015 annual meeting of shareholders to be held this fall. The Board will consist of three of Russell's current directors and two nominees of Premier, who will be immediately appointed, subject to approval of the TSX Venture Exchange. Accordingly, Richard Ruijian Shi has resigned from the Board of Directors and Sanjeev Parsad (current President and CEO of Premier) and Alnesh Mohan (current director of Premier), each nominees of Premier, have been appointed to the Board of Directors.

Item 5. Full Description of Material Change

5.1 Full Description of Material Change

On July 21, 2015, Russell and Premier announced that the parties have reached an Agreement with respect to Premier's formal Bid for up to 51% of the outstanding Russell Shares.

Under the Agreement, Premier has agreed to withdraw the Bid and not take any action to take-up any Russell Shares under the Bid. The Agreement also provides:

- The Board of Directors of Russell will be reconstituted to five members until Russell's 2015 annual meeting of shareholders to be held this fall. The Board will consist of three of Russell's current directors and two nominees of Premier, who will be immediately appointed, subject to approval of the TSX Venture Exchange. Premier anticipates that its nominees will be Sanjeev Parsad (current President and CEO of Premier) and Alnesh Mohan (current director of Premier). Mr. Parsad will be appointed to the Compensation Committee and Mr. Mohan will be appointed to the Audit Committee of the Board of Directors of Russell;

- At Russell's 2015 annual meeting of shareholders, it is proposed that the Board of Directors of Russell will be increased to six members consisting of the then current members of the Board, with one additional director to be nominated by the current directors of Russell;
- Russell has agreed that it will withdraw its application to the British Columbia Securities Commission to cease trade the Bid and will not pursue other legal action against Premier relating to the Bid; and
- Russell has granted Premier a right to increase its equity ownership in Russell to 19.99% (assuming conversion of any convertible securities held by Premier, its affiliates and joint actors) and to maintain its equity ownership interest in Russell in the event that Russell undertakes future equity financings, provided that, for a period of 16 months, Premier will not, among other matters:
 - o acquire or make any proposal to acquire any further securities of Russell, debt or equity above such 19.99% level;
 - o solicit proxies from securityholders of Russell or otherwise attempt to influence the conduct of the securityholders of Russell; and
 - o engage in any discussions or negotiations, or enter into any agreement, commitment or understanding, or otherwise act jointly or in concert with any person in order to propose or effect a transaction with Russell or its affiliates, any acquisition of, or interest in, any securities or assets of Russell or to influence the conduct of Russell or its directors or to acquire effective control of Russell.

Accordingly, Richard Ruijian Shi has resigned from the Board of Directors and Sanjeev Parsad (current President and CEO of Premier) and Alnesh Mohan (current director of Premier), each nominees of Premier, have been appointed to the Board of Directors.

Forward-looking statements:

This report contains "forward-looking information" and "forward-looking statements" within the meaning of applicable Canadian securities legislation. Forward-looking information and statements are indicated expectations or intentions. Wherever used, the words "may", "will", "anticipate", "intend", "expect", "estimate", "plan", "believe" and similar expressions identify forward-looking information and forward-looking statements. Forward-looking information and forward-looking statements 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 information and statements in this report containing forward-looking information or forward-looking statements are qualified by these cautionary statements.

Forward-looking information and statements in this report include information and statements with respect to the appointment of Russell directors, the nomination of such directors by Premier and Russell, the withdrawal and expiry of the Bid, the take-up of Russell Shares deposited under the Bid, the pursuit or withdrawal of legal action by Russell and the increase of holdings of Russell Shares by Premier.

Forward-looking information and forward-looking statements 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 information and forward-looking statements contained in this report.

Factors that could cause actual results to be materially different include, but are not limited to, the following: that Premier will nominate different individuals as Russell directors, that required approvals will not be received for Premier's nominees; that the Bid and Russell's legal action may not be withdrawn and that the parties will determine to make changes to Russell's business.

Readers should also carefully consider the matters discussed under "Risk Factors" in Russell's most recent management's discussion and analysis and Premier's Offer to Purchase dated June 26, 2015, both of which are filed on SEDAR at www.sedar.com.

Russell and Premier caution 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 Russell and Premier will be realized or, even if substantially realized, that they will have the expected consequences to, or effects on, Russell or Premier. 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.

5.2 Disclosure for Restructuring Transactions

Not applicable.

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

Not applicable.

Item 7. Omitted Information

No significant facts remain confidential and no information has been omitted in this report.

Item 8. Executive Officer

Name of Executive Officer: Benjamin Li Yu
Director and CEO

Telephone Number: 604-812-8723

Item 9. Date of Report

July 27, 2015