

**REPORT UNDER
NATIONAL INSTRUMENT 62-103**

1. Name and address of Offeror

Denver Smith
52 Carlson Drive
Milford, CT 06460

2. Designation and number, or principal amount, of securities and the offeror's security holding percentage in the class of securities of which the offeror acquired ownership or control in the transaction or occurrence giving rise to the obligation to file the news release, and whether it was ownership or control that was acquired in those circumstances.

Acquisition of 769,000 common shares (the "**Shares**") of Russell Breweries Inc. (the "**Company**") representing 0.88% of the issued and outstanding Shares (based on 87,083,788 basic shares outstanding as of September 30th, 2015).

3. Designation and number, or principal amount, of securities and the offeror's securityholding percentage in the class of securities immediately after the transaction or occurrence giving rise to obligations to file a news release.

After the acquisition of the 769,000 Shares referred to in paragraph 2, Denver Smith owns 2,030,300 Shares representing 2.33% of the issued and outstanding Shares.

4. Designation and number, or principal amount of securities, and the percentage of outstanding securities of the class of securities referred to in paragraph 3 over which:

- (i) **The offeror, either alone or together with joint actors, has ownership and control,**

Denver Smith along with 73114 Investments LLC and Paratus Capital LLC has ownership and control of 9,378,860 Shares or 10.77% of Russell's outstanding Shares. 73114 Investments LLC owns 6,948,800 Shares. Paratus Capital LLC owns 399,760 Shares. Denver Smith owns and controls 2,030,300 Shares, and controls the investment decisions of 73114 Investments LLC and Paratus Capital LLC.

- (ii) **The offeror, either alone or together with joint actors, has ownership but control is held by other persons or companies other than the offeror or any joint actor,**

Nil

- (iii) **The offeror, either alone or together with joint actors, has exclusive or shared control but does not have ownership.**

Nil

5. **(a) The name of the market in which the transaction or occurrence that gave rise to the news release took place.**

The transaction took place through the facilities of the TSX Venture Exchange on December 9th, 2015.

- (b) The value, in Canadian dollars, of any consideration offered per security if the offeror acquired ownership of a security in the transaction or occurrence giving rise to the obligation to file a news release.**

The transaction took place through the facilities of the TSX Venture Exchange on December 9th, 2015 through multiple trades at prices ranging from \$0.055 to \$0.06 per security.

6. **The purpose of the offeror and any joint actors in effecting the transaction or occurrence that gave rise to the news release, including any future intention to acquire ownership of, or control over, additional securities of the reporting issuer.**

Denver Smith and the above mentioned joint actors acquired the Shares for investment purposes and may, depending on market and other conditions, increase or decrease any of their respective beneficial ownership control or direction over Shares of the Company through market transactions, private agreements, treasury issuances, exercise of options, convertible securities or otherwise. As of the date of this Early Warning Report, Mr. Smith and joint actors currently intend on acquiring more shares of Russell on the open market or through other means.

7. **The general nature and the material terms of any agreement, other than lending arrangements, with respect to securities of the reporting issuer, entered into by the offeror, or any joint actor, and the issuer of the securities or any other entity in connection with the transaction or occurrence giving rise to the news release, including agreements with respect to the acquisition, holding, disposition or voting of any securities.**

The Shares were acquired through the facilities of the TSX Venture Exchange. Denver Smith, 73114 Investments LLC, and Paratus Capital LLC have agreed to act jointly in concert with each of their respective shareholdings in the Company. Denver Smith is the Chief Investment Officer of 73114 Investments LLC. Denver Smith is a founding partner, officer, and 33.3% owner of Paratus Capital LLC. Through the above mentioned agreement and relationships and given the recent acquisition of Russell's shares on the open market by Denver Smith, Denver Smith and joint actors now own and control 9,378,860 Shares.

8. **The names of persons or companies acting jointly or in concert with the offeror in connection with the disclosure required above.**

73114 Investments LLC
13401 Railway Drive
Oklahoma City, OK 73114

Paratus Capital LLC
13401 Railway Drive
Oklahoma City, OK 73114

9. **Nature and value of consideration paid by the offeror in Canadian dollars, if the transaction or occurrence disclosed in this report did not take place on a stock exchange or other published market for the securities.**

Not applicable.

10. **When applicable, a description of any change in any material facts set out in a previous report under the legislation stated above.**

Not applicable.

11. **If applicable, a description of the exemption from securities legislation being relied on by the offeror and the facts supporting that reliance.**

Not applicable.

DATED at the 9th of December, 2015.