RUSSELL BREWERIES INC.

FORM 51-102F3
Material Change Report

1. Name and Address of Company

Russell Breweries Inc. (the "Company")
#202 – 13018- 80th Avenue
Surrey, British Columbia V3W 3A8

2. Date of Material Change

July 27, 2007

3. News Release

A news release disclosing the material change was issued in Vancouver, British Columbia, on July 30, 2007.

4. Summary of Material Change

The Company announced a brokered private placement of up to 6,000,000 units, each unit consisting of one common share and one common share purchase warrant.

5.1 Full Description of Material Change

The Company completed a brokered private placement (the "Private Placement") on July 27, 2007. The Company raised $3,176,499.60 by issuing 5,294,166 units (the "Units") at a price of $0.60 per Unit. Each Unit consists of one common share and one common share purchase warrant (a "Warrant"). Each Warrant entitles the holder to purchase a common share at a price of $0.75 per share.

The Units were sold by a syndicate consisting of Bolder Investment Partners, Ltd., Canaccord Capital Corporation and MGI Securities Inc., and other selling group members to eligible purchasers in the provinces of British Columbia, Alberta and Ontario. The Agents received a cash commission of $245,782.37 and 13,896 units (the "Agents' Commission Units") at a deemed price of $0.60 per Agents' Commission Unit for a total of 8% of the gross proceeds of the Private Placement. Each Agents' Commission Unit consists of one common share and one common share purchase warrant (an "Agents' Commission Warrant"). Each Agents'

Commission Warrant entitles the holder to purchase a common share at a price of $0.75 per share.

The Agents were also granted 529,417 agents' warrants (the "Agents' Warrants"). Each Agents' Warrant entitles the holder to purchase a common share at a price of $0.60 per share.

Lastly, the Agents were paid an administrative fee of $5,000, a Corporate Finance Fee of 50,000 units (the "Corporate Finance Units") at a deemed price of $0.60 per Corporate Finance Unit and were reimbursed for all reasonable expenses related to the Private Placement. Each Corporate Finance Unit consists of one common share and one common share purchase warrant (a "Corporate Finance Warrant"). Each Corporate Finance Warrant entitles the holder to purchase a common share at a price of $0.75 per share.

The Warrants, Agents' Commission Warrants, Agents' Warrants and Corporate Finance Warrants are exercisable by the holder for a period of one year from the completion of the Private Placement, subject to an early expiry provision that if at any time after November 27, 2007, the Company's shares trade at or above a weighted average trading price of $1.00 for 15 consecutive days, the Company may give notice that the Warrants, Agents' Commission Warrants, Agents' Warrants and Corporate Finance Warrants will expire 30 days from the date of providing such notice.

The securities issued by the Company pursuant to the Private Placement are subject to a hold period of four months expiring on November 27, 2007, as required by the TSX Venture Exchange policies and securities law..

The proceeds of the Private Placement will be used by the Company for the acquisition of Fort Garry Brewing Company Ltd., assuming that the shareholders of the Company approve the transaction, and the balance of the funds will be used for the purchase of capital equipment and general working capital.

5.2 <u>Disclosure for Restructuring Transactions</u>

Not applicable.

6. <u>Reliance on Subsection 7.1(2) or (3) of National Instrument 51-102</u>

Not applicable.

7. Omitted Information

Not applicable.

8. Executive Officers

For further information about this material change, contact Brian Harris, Chief Executive Officer at (604) 599-1190.

9. Date of Report

DATED at Vancouver, British Columbia this ___ day of August, 2007.

"Signed"
Brian Harris
Chief Executive Officer