Russell Breweries Inc.

FORM 51-102F3

MATERIAL CHANGE REPORT

Item 1. Name and Address of Company

Russell Breweries Inc. (the "**Company**")
#200 – 13018 – 80th Avenue
Surrey, British Columbia, V3W 3B2

Item 2. Date of Material Change

July 25, 2007.

Item 3. News Release

A news release disclosing the material change was issued at Vancouver, British Columbia, on July 27, 2007.

Item 4. Summary of Material Change

The Company announced that it has entered into a definitive agreement (the "**Definitive Agreement**") with Fort Garry Brewing Company Ltd. ("**Fort Garry**"), to acquire all of the outstanding common shares and preferred shares of Fort Garry through an amalgamation.

Item 5.1 Full Description of Material Change

The Company announced that it has entered into the Definitive Agreement, terms of which include the purchase of all outstanding common shares and preferred shares of Fort Garry. Common shareholders of Fort Garry (except ENSIS Growth Fund Inc. and ENSIS Investment Limited Partnership) will have the option to receive for each Fort Garry common share, either (a) one common share of the Company (the "**Share Only Consideration**"); (b) one half of one common share of the Company plus $0.20 cash (the "**Share and Cash Consideration**"); or (c) $0.40 cash. ENSIS Growth Fund Inc. and ENSIS Investment Limited Partnership will have the option to receive for each Fort Garry common share, either the Share Only Consideration or the Share and Cash Consideration. The preferred shareholders are to receive cash for the par value of their shares plus any accrued redemption premiums and dividends.

As part of the Definitive Agreement, the Company has entered into a lock-up agreement with ENSIS Growth Fund Inc. Under the lock-up agreement, ENSIS Growth Fund Inc. has agreed to vote all of its common shares of Fort Garry in favour of the transaction and to elect either the Share Only Consideration or the Share and Cash Consideration. ENSIS Growth Fund Inc. currently owns 1,071,675 common shares of Fort Garry, representing approximately 21.5% of the outstanding common shares, and 628,305 of the 700,000 outstanding Fort Garry preferred shares.

The transaction has received conditional approval of the TSX Venture Exchange and will be subject to Fort Garry shareholder approval.

Item 5.2 Disclosure for Restructuring Transactions

Not applicable.

Item 6. Reliance on Subsection 7.1(2) or (3) of National Instrument 51-102

Not Applicable.

Item 7. Omitted Information

Not Applicable.

Item 8. Executive Officer

The following executive officer of the Company is knowledgeable about the material change and may be contacted respecting the change:

Brian Harris, Chief Executive Officer, (604) 599-1190.

Item 9. Date of Report

DATED at Vancouver, British Columbia this 3rd day of August, 2007.

"Signed"
Brian Harris
Chief Executive Officer