



RUSSELL BREWERIES INC.

ANNUAL INFORMATION FORM

For the period ended March 31, 2010

June 25, 2010

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FORWARD LOOKING INFORMATION

This Annual Information Form contains “forward-looking information”. All statements other than statements of historical fact contained in this Annual Information Form are forward-looking statements, including, without limitation, statements regarding the future financial position, business strategy, budgets, projected costs and plans and objectives of or involving Russell Breweries Inc. (the “**Company**”) and its subsidiary corporations. Shareholders can identify many of these statements by looking for words such as “believe”, “expects”, “will”, “intends”, “projects”, “anticipates”, “estimates”, “continues” or similar words or the negative thereof. There can be no assurance that the plans, intentions or expectations upon which these forward-looking statements are based will occur. Forward-looking statements are subject to risks, uncertainties and assumptions, including those discussed elsewhere in this Annual Information Form. Although the Company believes that the expectations represented in such forward-looking statements are reasonable, there can be no assurance that such expectations will prove to be correct. Some of the factors which could affect future results and could cause results to differ materially from those expressed in the forward-looking statements contained herein include: competition, government regulation, trends in consumer preferences and attitudes, the impact of economic cycles, risk of third party claims of infringement on intellectual property, dependence on key personnel, and certain operating hazards.

The information contained in this Annual Information Form, including the information set forth under “Risk Factors”, identifies additional factors that could affect the operating results and performance of the Company and its subsidiaries.

The forward-looking statements contained herein are expressly qualified in their entirety by this cautionary statement. The forward-looking statements included in this Annual Information Form are made as of the date of this Annual Information Form. Accordingly, readers should not place undue reliance on forward-looking statements.

RUSSELL BREWERIES INC.

The Company was incorporated under the *Company Act* (British Columbia) on March 23, 2000. The Company’s registered and records office is located at Suite 1500 – 1040 West Georgia Street, Vancouver, British Columbia, V6E 4H8 and its head office is located at Suite 202 – 13018 80th Avenue, Surrey, British Columbia V3W 3A8. On March 29, 2005 the Company transitioned under the *Business Corporations Act* (British Columbia), which replaced the *Company Act* (British Columbia).

STRUCTURE OF THE COMPANY

The Company operates two wholly owned subsidiaries: Russell Brewing Company Ltd. (“**RBC**”) which was incorporated under the *Company Act* (British Columbia) on August 29, 1994, transitioned under the *Business Corporations Act* (British Columbia) on March 21, 2006 and is located in Surrey, British Columbia; and Fort Garry Brewing Company Ltd. (“**Fort Garry**”) located in Winnipeg, Manitoba which was incorporated under the *Corporations Act* (Manitoba) on May 15, 2003. The Company acquired Fort Garry by way of a three-cornered amalgamation on October 22, 2007.

In this Annual Information Form, Russell Breweries Inc., together with its subsidiary corporations, are collectively referred to as the “**Company**”.

GENERAL DEVELOPMENT OF THE BUSINESS

RBC, the wholly owned subsidiary of the Company, was founded by the Russell family in 1995 and acquired by current management in January 2004.

The following is a summary of the significant events over the past three years:

- May 7, 2007 – the Company announced a three-year partnership agreement with the BC Lions and BC Place resulting in Russell becoming the Official Beer of the BC Lions.

- May 28, 2007 – the Company announced a Letter of Intent with Fort Garry to purchase the shares of Fort Garry through a Plan of Amalgamation.
- June 12, 2007 – the Company announced a brokered private placement to raise gross proceeds of up to \$3,600,000 for the acquisition of Fort Garry, expansion to the brewery in British Columbia and additional working capital.
- October 23, 2007 – the Company announced the successful amalgamation with Fort Garry. Fort Garry became a wholly owned subsidiary of the Company.
- December 31, 2007 – the Company entered into a three-year loan agreement with a shareholder of the Company which provided a discounted loan to the Company valued at \$1,239,000, with the funds to be utilized for capital expansion, marketing and working capital.
- February 19, 2008 – the Company launched the following core brands (“**Core Brands**”) in 6 x 355ml aluminum cans: Cream Ale, Pale Ale, Honey Blonde Ale and Extra Special Lager for distribution in British Columbia.
- March 31, 2008 – the Company completed a brokered private placement for 68,000 exchangeable, non-voting preferred shares at a price of \$10 per share for gross proceeds of \$680,000 under the Equity Capital Program of the Province of British Columbia.
- May 9, 2008 – the Company launched the Core Brands in Winnipeg, Manitoba and Fort Garry Dark Ale in British Columbia.
- July 15, 2008 – the Company entered into a 10-year lease for 7,000 square feet of office and warehouse space adjacent to the brewery in Surrey, British Columbia. The new facility is used for the storage of finished goods and as a logistics and distribution center for British Columbia. The new space enabled the Company to expand its brewery production capacity from 16,000 hectoliters (“**hls**”) to 25,000 hls annually.
- August 25, 2008 – the Company launched ‘BC Lions Lager’ marking the first time that a Canadian Football Team had partnered with a microbrewery to develop a proprietary beer brand for the retail market.
- January 13, 2009 – the Company launched a product line extension with the ‘Russell Premium Craft Collection 12 Pack’ which included a collection of 355ml cans of four signature beers including: Extra Special Lager, Pale Ale, Honey Blonde Ale and Cream Ale.
- May 1, 2009 – the Company announced that it had received regulatory approval for a broker guaranteed shareholder rights offering for maximum proceeds to the Company of \$999,763.05.
- May 5, 2009 – the Company launched the first brand in the new ‘Russell Brewmaster Series’, a collection of small-batch, limited release beers. The first in the series was a classic India Pale Ale named ‘Russell IP’eh!’ for distribution in British Columbia.
- June 2009 – the Company launched a new brand, ‘Fort Garry Rouge’, for distribution in Manitoba.
- June 8, 2009 – The Company closed a rights offering, whereby 6,665,087 units were issued at a price of \$0.15 per unit, with each unit comprised of one common share and one nontransferable share purchase warrant and each warrant entitling the holder to purchase an additional common share of the Company at an exercise price of \$0.25 per common share at any time commencing June 9, 2010 and ending June 8, 2011.
- June 15, 2009 – the Company launched a new brand, ‘Cactus Lime Lager’, a premium lager infused with natural lime essence in six-pack bottles for distribution in British Columbia and Manitoba.
- June 22, 2009 – the Company launched a new brand, ‘Russell Lemon Ale’, a cold filtered wheat ale infused with natural lemon essence in six-pack bottles for distribution in British Columbia.
- June 25, 2009 – the Company re-launched the ‘BC Lions Lager’ brand for the 2009 football season in British Columbia.
- September 3, 2009 – the Company expanded distribution in Alberta with the introduction of Russell Cream Ale and Cactus Lime Lager.
- September 2009 – the Company launched a new brand, ‘Rocky Mountain Pilsner’, for distribution in British Columbia and Manitoba.

- September 2009 – the Company launched six-pack bottles of the Core Brands in British Columbia Liquor Distribution Branch (“**BCLDB**”) outlets.
- October 6, 2009 – the Company signed a five-year beer sponsorship agreement with Global Spectrum Facility Management, L.P., agent for the City of Abbotsford and the operator and manager of the Abbotsford Entertainment and Sports Centre, home to the Abbotsford Heat Hockey Team.
- October 2009 – the Company launched two new brands, ‘Russell Marzen’ and ‘Black Death Porter’, as part of the ‘Russell Brewmaster Series’ for distribution in British Columbia. The Company also re-launched the ‘Russell IP’eh’ with updated packaging.
- December 17, 2009 – the Company commenced delivery of a six-pack bottles of ‘Chambar Ale’ as part of a co-packing agreement with Vancouver’s Chambar Restaurant to produce a Belgian style beer for the take home market in British Columbia.
- February 2010 – the Company launched ‘A Wee Angry Scotch Ale’ as part of the ‘Russell Brewmaster Series’ in British Columbia.

Significant Acquisitions

The Company did not complete any significant acquisitions or dispositions of assets during the year proceeding the period ending March 31, 2010.

DESCRIPTION OF BUSINESS

For 16 years, the Company’s strategy has been to brew high quality beer. To this end, the Company has followed a basic formula of using only 100% pure malt, hops, yeast and water to brew small batch beers following traditional European techniques.

The Company offers a selection of products that target a full range of consumers looking for varying brand attributes. The Company’s products have been segmented into the following categories:

Brewmaster Series:	Russell IP’EH! Black Death Porter Russell Marzen A Wee Angry Scotch Ale
Craft Ales & Lagers:	Russell Cream Ale Russell Pale Ale Russell Honey Blonde Ale Russell Extra Special Lager Fort Garry Dark Fort Garry Pale Fort Garry Rouge Fort Garry Light
Premium Discount Lager:	Rocky Mountain Pilsner
Value Brands:	Stone Cold Lager Two Rivers
Seasonal Flavoured Beers:	Russell Lemon Ale Russell Lime Lager
Partnership Brands:	BC Lions Lager Chambar Ale

The Company is a regional producer of premium, all-natural craft beers. The Company is one of the leading craft brewers in British Columbia and the largest craft brewery in Manitoba. The Company’s products are currently sold in British Columbia, Alberta and Manitoba.

The Company has manufacturing facilities in Surrey, British Columbia and Winnipeg, Manitoba with sales and distribution facilities at both locations. In addition, the Company employs distributors on Vancouver Island and in the Okanagan in British Columbia and in Alberta.

The Company’s beer products compete primarily in the premium beer segment, the defining qualities of which are taste, price, quality, and image. This category includes both domestic and imported premium beers. The premium segment has become increasingly competitive due to the major domestic brewers producing and aggressively marketing craft style beer products and the entry of more imported premium products into the marketplace.

In 2009, approximately 56% and 44% of the Company's total consolidated revenues were generated from packaged beers and draught beer respectively. In 2008, approximately 40% and 60% of the Company's total consolidated revenues were generated from packaged beers and draught beer respectively. In 2008, approximately 15% of the Company's total consolidated revenues were generated from Russell Cream Ale.

Brewing Operations

The Company has breweries located in Surrey, British Columbia and in Winnipeg, Manitoba. At both locations, the Company's beers are batch brewed in a stainless steel brew house and fermented in fully enclosed stainless steel tanks to ensure the most sterile conditions possible. The beer is kept chilled under pressure to retain its natural carbonation. After fermentation, the beer is cold filtered through a microfiltration system and stored in bright beer tanks ready for packaging.

In the Surrey brewery, beers are brewed in batches of 20 hls. In the Winnipeg brewery, beers are brewed in batches of 75 hls. After brewing, beers are transferred into fermentation tanks for varying periods of time. Once fermentation is completed the beer is filtered and packaged. Beer is generally brewed in response to anticipated orders and is shipped within one week of receipt of the order, with the majority of orders being shipped the next day. The Surrey brewery currently produces approximately 11,000 hls of beer per year and the Winnipeg brewery currently produces approximately 20,000 hls of beer per year.

Ingredients

The only ingredients used in the Company's beers are water, hops, yeast and various combinations of two row malting barley and malted wheat. No preservatives are used in the brewing of the Company's core and niche ale offerings.

The Company uses select prairie-grown two-row malting barley, which provides a distinctive flavour to the Company's beers. Choice hops are purchased through agents in Washington State, which is the centre of one of the largest hop growing regions in the world. The Company does not anticipate any difficulties in obtaining local supply of malts or hops at market competitive prices in the future. The Company also imports rare European hops for certain brands from time to time. The Company propagates the proprietary strain of yeast used exclusively at its BC brewery. Other ingredients are available through local sources and the Company is not dependant on any one supplier and believes that adequate sources are available.

Packaging

The Company packages its beers in 19, 30, 50, and 58.8 litre kegs; 341 milliliter ("ml") long neck bottles, 650 ml bottles, and 355 ml and 473 ml cans. The Company also has a PET packaging line in Manitoba brewery that fills 710 ml and two - litre plastic bottles which are distributed in Manitoba under the Stone Cold label. The Company uses packaging technologies to ensure that little oxygen is dissolved into the beer during the packaging process. This improves the stability of the beer, resulting in shelf life of at least 200 days for the Company's bottled and canned products.

Approximately 34% of the Company's current beer volume is sold in kegs, which are used primarily by pubs, restaurants and bars. The remainder of the Company's production is sold in bottles and cans, with cans being the fastest growing segment of the business.

Brewing Facilities and Equipment

The Surrey brewing facility consists of 15,000 sq. ft. of adjoining leased purpose warehouse space with a 20 hl brewing system, laboratory, keg, bottle and can packaging lines, cold storage area and shipping area which the Company leases. The Company also leases 8000 sq. ft. of adjacent warehouse space for dry goods storage. The brewing capacity has increased from less than 2000 hls annually to its current capacity of approximately 25,000 hls annually.

The Winnipeg brewing facility consists of a 30,000 sq. ft. custom facility built in 1999 which the Company leases with a fully automated 75 hls brewing system, laboratory, keg, bottle, can and plastic packaging lines, cold

storage and shipping area. The brewing capacity is currently rated at 32,000 hls. The facility has adequate space to be upgraded to 50,000 hls annual production capacity.

Environmental Matters

The Company's brewery operations are subject to applicable provincial environmental laws and regulations, local by-laws and permit requirements regarding, among other things, air emissions, water discharges and waste handling and disposal. Management of the Company believes that it is currently in compliance with all applicable environmental laws and regulations and does not anticipate any capital expenditures to be required in the near future to continue to be in compliance.

Employees

At March 31, 2010, the Company had a total of 50 employees consisting of 10 in management and administration, 7 in sales and marketing and 33 in brewery operations. No employees of the Company are unionized or subject to any collective bargaining agreements. Since its inception, the Company has not suffered any disruptions to production as a result of labour problems or employee disputes.

Marketing and Distribution

The Company promotes its products based on their premium quality and distinctive style. The Company strives to position itself as one of Canada's leading craft brewers, producing premium, all-natural craft beers.

The Company primarily participates in a number of local community events in an effort to grow both its business and brand awareness.

The Company also uses posters, shirts, glassware, signage and other items bearing the brand's name, logo and trademarks to promote sales of the Company's products.

In British Columbia, the Company distributes its products using its own fleet of delivery vehicles to pubs, restaurants, government and private liquor stores throughout the province. In Manitoba and Alberta, the Company uses contract delivery services for product deliveries to pubs, restaurants and the private and government liquor stores.

Economic Dependence

British Columbia

The British Columbia market accounted for approximately 50% and 57% of revenues in fiscal 2009 and 2008, respectively. The Company sales representatives operate from the Surrey brewery and regularly visit their customers, licensed retail stores and establishments such as restaurants and bars, to maintain product awareness and quality control.

Manitoba

Manitoba, the Company's other principal market, accounted for 50% and 43% (eight months from acquisition date) of revenues in fiscal 2009 and 2008 respectively. The Company's Manitoba sales representatives operate from the Winnipeg brewery.

Alberta

In September 2009, the Company commenced shipping several of its brands to Liquor Barn / Liquor Depot outlets who are a major customer in Alberta.

Competition

The specialty or craft beer sector of the North American beer industry is made up of smaller scale breweries and contract breweries including brewpubs, micro-breweries and regional specialty breweries, with annual outputs of a few hundred hls to several hundreds of thousands of hls. Makers of craft beer generally distinguish their products from mainstream brands by being local and offering a wider variety of product styles and brewing methods.

The Company faces intense competition. The lager market, the largest segment of the beer market, is dominated by the world's two largest breweries. The Company's principal competition in the three markets it currently sells its products are Labatt Breweries (ABInBev) and Molson Coors Breweries for conventional or mainstream products and Sleeman Breweries (Sapporo), Big Rock and other breweries in the premium priced domestic craft category and imported beer from the United States, Italy, Mexico, Germany, Denmark and Japan. In Alberta, where the market is privatized, there are over 600 beer labels for consumer to choose from.

Regulatory Matters

The brewery business is highly regulated. The Company's business is dependent on obtaining and maintaining all required licenses. Various permits, licenses and approvals are necessary for the brewery operations and to permit the sale of alcoholic beverages. Licenses are currently required by various local, provincial and federal agencies in areas where the Company produces and distributes its beers.

The Company's right to manufacture and sell its products in British Columbia is governed by its liquor license, which is renewed annually by the BCLBD subject to the Company's compliance with the *Liquor Control Act* (British Columbia), the regulations there under, and all conditions prescribed by the BCLBD. Such regulations relate primarily to sales, delivery and selling practices. The Company operates in Manitoba under a similar license with Manitoba Liquor Control Commission ("MLCC") and in Alberta under a similar license with the Alberta Gaming and Liquor Commission ("AGLC").

The Company as a brewery is also subject to regulation by the Canada Revenue Agency (the "CRA"). Breweries are required to notify the CRA whenever there is a material change to the brewing process, brewing or packaging equipment, or changes or additions to the location of the brewery. The CRA requires the Company to maintain a Brewers Bond, payable to the CRA, equivalent to one month's excise tax based on the highest month's excise tax over the past year. The Company's operations are subject to audit and inspection by the CRA at any time. The Company is required to prepare daily production reports and submit them monthly. The Company's taxable production is subject to federal excise tax of: \$3.122/hl on the first 2000 hl; \$6.244/hl on the next 3000 hl; \$12.488/hl on the next 10,000 hl; \$21.85/hl on the next 35,000 hl; \$26.537/hl on the next 25,000 hl; and \$31.220/hl over 75,000 hl.

There can be no assurance that in the future new or increased regulations will not be adopted at municipal, provincial or federal levels in the Company's markets. Such measures could include proposals for higher taxes on alcoholic beverages, or efforts to further regulate or limit producers, distributors or retailers of alcoholic beverages. The adoption of any such measures could have a material adverse effect on the Company's business.

RISK FACTORS

Credit Risk

The Company grants credit to its customers in the normal course of business. However as the major portion of the accounts receivable are held by the BCLDB, the MLCC and the AGLC, management believes exposure to credit risk is limited.

Competition

The Company considers its main competitors to be other participants in the Canadian brewing industry, which includes imported beer and specialty and value priced brands brewed by both small regional brewers and the national brewers. Existing regional breweries are increasing their production capacities and marketing programs.

National brewers are aggressively promoting their own specialty and value brands as well as premium brands. The Company also anticipates increasing competition as new brewers enter markets in which the Company currently operates.

The principal competitive factors affecting the market for the Company's products include quality and taste, packaging, advertising and promotional support, brand recognition and price. There can be no assurance that the Company will be able to compete successfully in this category against current and future competitors based on these and other factors. The Company competes with a variety of domestic and international brewers, many of whom have substantially greater financial, production, distribution and marketing resources. The Company anticipates increased competition in the premium beer category from the major domestic brewers, each of whom has introduced and is marketing premium-priced products. The large domestic brewers dominate the domestic beer market and the Company expects that certain of these companies may seek further participation in the premium beer market through the acquisition of equity positions in, or the formation of, distribution alliances with other brewers.

Increased competition could result in price reductions, reduced profit margins and loss of market share, all of which could have a material adverse effect on the Company's operations. The Company's products also compete generally with other alcoholic beverages.

Government Regulation

The Company's business is regulated by federal, provincial and municipal laws and regulations regarding such matters as licensing requirements, trade and pricing practices, permitted and required labeling, advertising, promotion and marketing practices, relationships with distributors and related matters. Failure on the part of the Company to comply with federal, provincial or municipal laws and regulations could result in the loss, revocation or suspension of the Company's licenses, permits or approvals and could have a material adverse effect on the Company's business. The Company believes that it has obtained all regulatory permits and licences necessary to operate its business where the Company's products are currently being produced and distributed. In addition, changes to taxes, environmental regulations or any other laws or regulations which affect the Company's products or their production, handling or distribution could have a material adverse effect on the Company's operations.

Trends in Consumer Preferences and Attitudes

The domestic premium beer market has grown dramatically over the past decade. The Company believes that one factor in such growth has been consumer demand. No assurance can be given however that consumer demand for these products will continue in the future. The Company's success also depends upon a number of factors related to the level of discretionary consumer spending, such as the general state of the economy, tax laws and consumer confidence in future economic conditions.

Protection of Intellectual Property Rights; Risk of Third Party Claims of Infringement

The Company considers its trademarks, particularly certain brand names and product packaging, advertising and promotion design and artwork, to be of considerable value and critical to its business. The Company relies on trademark laws and other arrangements to protect its proprietary rights. There can be no assurance that the steps taken by the Company to protect its intellectual property rights will preclude competitors from developing similar brand names or promotional materials. While the Company believes that its proprietary rights do not infringe upon those third parties, it possesses no assurances of such a situation. The Company has applied for registration of the following trademarks: Russell, Fort Garry and Rock Mountain.

Dependence on Key Personnel

The Company's success depends to a significant degree upon the continuing contributions of key personnel, and on its ability to attract and retain qualified management, sales, production and marketing personnel. The loss of any of such persons or the failure to recruit additional key personnel in a timely manner, could adversely affect the Company. The Company does not maintain any key man life insurance on any of its personnel.

Operating Hazards

The Company's operations are subject to certain hazards and liability risks faced by all brewers, such as the potential contamination of ingredients or products and equipment defects. While the Company has not experienced a contamination problem in its products, the occurrence of such a problem could result in a costly product recall and serious damage to the Company's reputation for product quality. Although the Company maintains insurance against certain risks under various general liability and product liability insurance policies, there can be no assurance that the Company's insurance will be adequate or that claims resulting from such incidents will be accepted as filed.

Trade Regulations

The 1994 North America Free Trade Agreement ("NAFTA") among Canada, Mexico and the United States expanded the 1989 Free Trade Agreement between Canada and the United States. To date, NAFTA has had no material effect on the Company's business or operations. However, the adoption of new trade regulations or future trade disputes that result in retaliatory practices or increased tariffs between the United States and Canada could adversely affect the Company's business.

Proprietary Rights

Although the formulas for the Company's beers are proprietary trade secrets of the Company, there can be no assurance that others will not develop beers of the same or similar tastes and qualities as the Company's beers.

Seasonal Nature of Business

The Company's business is seasonal to a certain extent. The second and third financial quarters are generally stronger than the first and fourth quarters.

DIVIDEND RECORD AND POLICY

The Company has not, since the date of its incorporation, declared or paid any dividends and currently has no policy with respect to the payment of dividends. For the foreseeable future, the Company anticipates that it will retain future earnings and other cash resources for the operation and development of its business. The payment of dividends in the future will depend on the earnings, if any, and the Company's financial condition and such other factors as the directors of the Company consider appropriate.

DESCRIPTION OF COMMON SHARES

The Company is authorized to issue unlimited number of common shares without par value (the "Common Shares"). As at March 31, 2010, 33,325,437 Common Shares were issued and outstanding.

The holders of Common Shares are entitled to receive notice of any meeting of shareholders and to attend and vote thereat. Each Common Share entitles its holder to one vote. The holders of Common Shares are entitled to receive on a *pro-rata* basis such dividends as the board of directors of the Company may declare out of funds legally available therefore. In the event of the dissolution, liquidation, winding-up or other distribution of the assets of the Company, such holders are entitled to receive on a *pro-rata* basis all of the assets of the Company remaining after payment of all of the Company's liabilities.

MARKET FOR SECURITIES

The Common Shares are listed for trading on the TSX Venture Exchange (the "TSX-V") under the trading symbol "RB". The trading price range and volume for Common Shares on the TSX-V during the 2009-2010 periods are set out below. All prices are Canadian dollars.

Month	High (\$)	Low(\$)	Close (as at month end) (\$)	Volume (Common Shares)
April 2009	0.17	0.135	0.15	693,500

Month	High (\$)	Low(\$)	Close (as at month end) (\$)	Volume (Common Shares)
May 2009	0.16	0.14	0.155	125,400
June 2009	0.165	0.135	0.155	554,200
July 2009	0.19	0.15	0.17	1,815,400
August 2009	0.18	0.165	0.17	354,800
September 2009	0.23	0.165	0.195	677,400
October 2009	0.205	0.16	0.17	829,800
November 2009	0.19	0.16	0.18	409,200
December 2009	0.18	0.15	0.17	380,600
January 2010	0.175	0.145	0.145	498,500
February 2010	0.155	0.12	0.145	248,600
March 2010	0.155	0.12	0.12	663,500

MANAGEMENT

Directors and Officers

The names and municipalities of residence of the directors and executive officers of the Company, positions held by them with the Company and their principal occupations are as set forth below:

Name, Position and Municipality of Residence	Expiration of Term	Prior Service as Director or Officer	Principal Business or Occupation
Andrew Harris Vancouver, British Columbia President, Chief Financial Officer, Director	2010 AGM	2003 – Present	President and Chief Financial Officer of the Company
Brian Harris ⁽¹⁾ Richmond, British Columbia, Chief Executive Officer, Director	2010 AGM	2003 – Present	Chief Executive Officer of the Company; Business consultant and public company management
John Morgan Delta, British Columbia Surrey, British Columbia Chairman, Director	2010 AGM	2005 – Present	Chairman of the Board; Independent marketing and management consultant
Paul Robertson, CA ⁽¹⁾ West Vancouver, British Columbia Director	2010 AGM	2009 – Present	Partner, Quantum Advisory Partners LLP (professional services firm)
Richard Shier ⁽¹⁾ North Vancouver, British Columbia Director	2010 AGM	2006 – Present	President, Fold-A-Tools Inc., a manufacturer and marketer of consumer products

Note:

⁽¹⁾ Member of the Audit Committee.

As of March 31, 2010, the directors and executive officers of the Company and its subsidiaries, as a group, beneficially own, directly or indirectly, or exercise control or direction over 2,332,500 Common Shares, representing 7.0% of the issued and outstanding Common Shares.

Committees of the Board of Directors

The Board of Directors has established an Audit Committee. The information below sets out the current members of the Audit Committee and summarizes the functions in accordance with the mandate.

Audit Committee

The Company's Audit Committee is currently comprised of three directors, Brian Harris, Richard Shier, and Paul Robertson. Two members, Richard Shier and Paul Robertson, are considered to be independent members of the Audit Committee pursuant to the meaning of "independent" provided in NI 52-110. All three members are considered financially literate as provided for in NI 52-110.

Corporate Cease Trade Orders and Bankruptcies

None of the Company's directors or officers, or to the best of the Company's knowledge, any shareholder holding sufficient securities of the Company to materially affect the control of the Company, is, or has been within the 10 years before the date of this Annual Information Form, a director or officer of any other issuer that, while such person was acting in that capacity, was the subject of a cease trade or similar order, or an order that denied the other issuer access to any exemptions under Canadian securities legislation, for a period of more than 30 consecutive days, or became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangements or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold the assets of that issuer.

Penalties and Sanctions

None of the directors or officers of the Company, or to the best of the Company's knowledge, any shareholder holding sufficient securities of the Company to materially affect the control of the Company, has been subject to any penalties or sanctions imposed by a court relating to Canadian securities legislation or by a Canadian securities regulatory authority or has entered into a settlement agreement with a Canadian securities regulatory authority or been subject to any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

Personal Bankruptcies

None of the directors or officers of the Company, or to the best of the Company's knowledge, any shareholder holding sufficient securities of the Company to materially affect the control of the Company or a personal holding company of any such persons, has, within the 10 years before the date of this Annual Information Form, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangements or compromises with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director or officer.

Conflicts of Interest

To the Company's knowledge, and other than as disclosed in this Annual Information Form, there are no known existing or potential conflicts of interest among the Company, its promoters, directors and officers, or other members of management, or of any proposed director, officer or other member of management as a result of their outside business interests.

PROMOTERS

During the past two years, the Company has not employed or contracted with any promoters.

LEGAL PROCEEDINGS

The Company is not a party to any legal proceedings material to it, or of which any of its property is the subject matter, and no such proceedings are known to be contemplated.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Other than as disclosed in this Annual Information Form, no director or officer of the Company or any shareholder holding, of record or beneficially, directly or indirectly, more than 10% of the issued Common Shares, or any of their respective associates or affiliates, had any material interest, directly or indirectly, in any material transaction with the Company since incorporation or in any proposed transaction which has materially affected or would materially affect the Company.

REGISTRAR AND TRANSFER AGENT

The Company's registrar and transfer agent for its Common Shares is Computershare Trust Company of Canada at its principal offices in Vancouver, British Columbia.

MATERIAL CONTRACTS

During the financial period ended March 31, 2010, the Company did not enter into any material contracts, other than contracts entered into in the ordinary course of business. The Company did not have any material contracts in effect at March 31, 2010, other than contracts entered into in the ordinary course of business.

INTERESTS OF EXPERTS

The auditors of the Company are Manning Elliot LLP, Chartered Accountants of 1050 West Pender Street Vancouver, British Columbia, V6E 3S7. The partners and managers of Manning Elliot LLP do not own, directly or indirectly, any of the outstanding securities of the Company.

AUDIT COMMITTEE DISCLOSURE

The Audit Committee's Charter

The Audit Committee's Charter, as approved by the Board of Directors, is included in Appendix "A" of this Annual Information Form.

Composition of the Audit Committee

The Audit Committee is composed of three members. The members of the Audit Committee are Brian Harris, Richard Shier, and Paul Robertson. Richard Shier and Paul Robertson are each considered independent and all three members are financially literate as defined by Canadian securities laws. Each member of the Audit Committee has the ability to perform his responsibilities as an Audit Committee member based on his education and/or experience as summarized below.

Brian Harris has over 25 years of experience leading junior companies in raising capital, developing successful go-to-market strategies, launching new products and services and acting in various director and senior officer roles, including those of Chief Financial Officer and Chief Executive Officer. Mr. Harris also has considerable experience in the management of public companies on the Canadian, United States and Australian Stock Exchanges and is a founder of a number of technology based companies. Mr. Harris was an executive with General Foods and Film Corporation of America. Mr. Harris has a Bachelor of Commerce degree from the University of Alberta.

Richard Shier has been involved in manufacturing and technology companies since 1985 and has extensive experience in building successful organizations. He has held various senior marketing, sales and operational positions within the electronics contract manufacturing sector. Mr. Shier is the former Chief Executive Officer and a director of Digital Pioneer Technologies Corp. (now known as Digital Payment Technologies Corp.), a software and hardware manufacturer of automated parking payment systems. Currently Mr. Shier is involved in a number of companies including acting as the managing partner of a vertically integrated consumer products company manufacturing in China. Mr. Shier is a director and Chairman of the Audit Committee of the Company. Mr. Shier has also served as Chairman of the Technology Committee for BC Children's Hospital. He has extensive public

speaking and investor presentation experience associated with debt and equity fund-raising in North America and Europe. Mr. Shier holds a Diploma in Business Management and Marketing from Capilano University in North Vancouver, British Columbia.

Paul Robertson has extensive experience in the public markets and brings over 15 years of accounting, auditing, and tax experience working for some of the largest public accounting firms as well as industry experience in the manufacturing, sales and distribution sectors. Since 2005, Mr. Robertson has been the managing partner of Quantum Advisory Partners LLP, a professional services firm dedicated to assisting publicly listed companies with their financial reporting, taxation and regulatory requirements, and also acts as the Chief Financial Officer for two companies listed on the TSX-V. Mr. Robertson was a manager at Ernst & Young LLP from 1999 to 2005. Mr. Robertson holds a Bachelor of Arts from the University of Western Ontario and is a Chartered Accountant (British Columbia).

Audit Committee Oversight

Since the commencement of the Company's most recently completed financial quarter ended March 31, 2010, the board of directors has not failed to adopt a recommendation of the Audit Committee to nominate or compensate an external auditor.

Pre-Approval Policies and Procedures

The Audit Committee has not adopted specific policies and procedures for the engagement of non-audit services. Subject to the requirements of NI 52-110, the engagement of non-audit services is considered by the Company's board of directors, and where applicable the Audit Committee, on a case-by-case basis.

External Auditor Service Fees

The following table sets forth the fees billed by the Company's external auditor, Manning Elliot, for services rendered for the first two quarters of the 2010 financial year and fees billed for services rendered for the 2009 financial year.

	<u>2010</u>	<u>2009</u>
Audit Fees ⁽¹⁾	\$83,100	\$117,300
Audit-Related Fees ⁽²⁾	Nil	Nil
Tax Fees	Nil	Nil
All Other Fees	Nil	Nil

⁽¹⁾ "Audit Fees" comprise the aggregate professional fees paid to the Company's auditors for the audit of the annual consolidated financial statements and other regulatory audits and statutory filings.

⁽²⁾ "Audit Related Fees" comprise the aggregate fees paid to the Company's auditors for assurance and related services that are reasonably related to the performance of the audit or review of the consolidated financial statements and are not reported under the Audit fees item above.

ADDITIONAL INFORMATION

Additional information relating to the Company may be found on SEDAR at www.sedar.com.

Additional information concerning the Company, including directors' and officers' remuneration and indebtedness, principal holders of the Company's securities, and securities authorized for issuance under the Company's equity compensation plans, is contained in the Company's Information Circular for its annual meeting of shareholders held on December 16, 2009. Additional financial information is provided in the Company's financial statements and management's discussion and analysis for the quarter ended March 31, 2010. Copies of such documents may be obtained upon request from the Secretary of the Company.

All requests for additional information should be made to the Company at #202 – 13018 80th Avenue, Surrey, British Columbia, V3W 3B2, telephone (604) 599-1190.

APPENDIX A

AUDIT COMMITTEE CHARTER

PART 28A. OVERVIEW AND PURPOSE

The Audit Committee of Russell Breweries Inc. (the “**Company**”) has been formed to enable the Board of Directors of the Company to perform its obligations with respect to compliance with applicable securities laws and the rules of the TSX Venture Exchange.

The Audit Committee is responsible to the Board of Directors of the Company. The primary objective of the Audit Committee is to assist the Board of Directors in fulfilling its responsibilities with respect to:

- (a) disclosure of financial and related information;
- (b) the relationship with and expectations of the external auditors of the Company, including the establishment of the independence of the external auditors;
- (c) the oversight of the Company’s internal controls; and
- (d) any other matters that the Audit Committee feels are important to its mandate or that the Board of Directors of the Company chooses to delegate to it.

The Audit Committee will approve, monitor, evaluate, advise or make recommendations in accordance with this Charter, with respect to the matters set out above.

PART 29B. ORGANIZATION

29.1 Size and Membership Criteria

The Audit Committee will consist of three or more Directors of the Company.

A majority of the members of the Audit Committee must be independent of management and free from any interest, business or other relationship, other than interests and relationships arising from holding common shares of the Company or other securities which are exchangeable into common shares of the Company, which could, or could reasonably be perceived to, materially interfere with the director’s ability to act in the best interests of the Company.

All members of the Audit Committee should be financially literate and be able to read and understand basic financial statements. At least one member of the Audit Committee must have accounting or related financial expertise and should be able to analyze and interpret a full set of financial statements, including notes, in accordance with generally accepted accounting principles.

29.2 Appointment and Vacancies

The members of the Audit Committee are appointed or reappointed by the Board of Directors following each annual meeting of the shareholders of the Company. Each member of the Audit Committee will continue to be a member of the Audit Committee until his or her successor is appointed unless he or she resigns or is removed by the Board of Directors of the Company or ceases to be a Director of the Company. Where a vacancy occurs at any time in the membership of the Audit Committee the Board of Directors of the Company may appoint a qualified individual to fill such vacancy and must appoint a qualified individual if the membership of the Audit Committee is less than three Directors as a result of any such vacancy.

PART 30C. MEETINGS

30.1 Frequency

The Audit Committee will meet at least four times per year on a quarterly basis, or more frequently as circumstances require. In addition, the Audit Committee may also meet at least once per year with management and the external auditors of the Company in separate executive sessions to discuss any matters that the Audit Committee or each of these groups believes should be discussed privately.

30.2 Chair

The Board of Directors of the Company or, in the event of its failure to do so, the members of the Audit Committee, will appoint a Chair from amongst their number. If the Chair of the Audit Committee is not present at any meeting of the Audit Committee, the Chair of the meeting will be chosen by the Audit Committee from among the members present.

The Audit Committee will also appoint a secretary who need not be a Director of the Company.

30.3 Time and Place of Meetings

The time and place of meetings of the Audit Committee and the procedure at such meetings will be determined from time to time by the members of the Audit Committee, provided that:

- (a) a quorum for meetings of the Audit Committee will be two members present in person or by telephone or other telecommunication device that permits all persons participating in the meeting to speak and hear each other, and
- (b) notice of the time and place of every meeting will be given in writing or facsimile to each member of the Audit Committee, the internal auditors, the external auditors and the corporate secretary of the Company at least 24 hours prior to the time fixed for such meeting.

Any person entitled to notice of a meeting of the Audit Committee may waive such notice (and attendance at a meeting is a waiver of notice of the meeting, except where a member attends a meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting is not lawfully called).

A meeting of the Audit Committee may be called by the corporate secretary of the Company on the direction of the Chief Executive Officer of the Company, by any member of the Audit Committee or the external auditors. Notwithstanding the foregoing, the Audit Committee will at all times have the right to determine who will and will not be present at any part of the meeting of the Audit Committee.

30.4 Agenda

The Chairman will ensure that the agenda for each upcoming meeting of the Audit Committee is circulated to each member of the Audit Committee as well as each of the external auditors and corporate secretary of the Company in advance of the meeting of the Audit Committee not later than three business days prior to each meeting.

30.5 Resources

The Audit Committee will have the authority to retain independent legal, accounting and other consultants to advise the Audit Committee, and to set the pay and compensation for such consultants. The Audit Committee may request any officer or employee of the Company or its subsidiaries or the legal counsel to the Company or the external auditors of the Company to attend any meeting of the Audit Committee or to meet with any members of, or consultants to, the Audit Committee.

PART 31D. DUTIES AND RESPONSIBILITIES

The Board of Directors of the Company has delegated the following duties and responsibilities to the Audit Committee, and the Audit Committee shall have the sole authority and responsibility to carry out these duties and responsibilities.

31.1 Review and Reporting Procedures

The Audit Committee will make regular reports to the Board of Directors of the Company. The Audit Committee will review and re-assess the Audit Committee Charter on an annual basis and make recommendations for changes to this Charter. The Audit Committee will also periodically perform a self-assessment of its performance against its mandate.

31.2 Financial Reporting

The Audit Committee will review and discuss with management, the internal auditors (as applicable) and the external auditors of the Company the following financial statements and related information prior to filing or public dissemination:

- (a) annual audited financial statements of the Company, including notes;
- (b) interim financial statements of the Company;
- (c) management discussion and analysis (“**MD&A**”) relating to each of the annual audited financial statements and the interim financial statements of the Company;
- (d) news releases and material change reports announcing annual or interim financial results or otherwise disclosing the financial performance of the Company, including the use of non-GAAP earnings measures;
- (e) the annual report of the Company;
- (f) all financial-related disclosure to be included in management proxy circulars of the Company in connection with meetings of shareholders; and
- (g) all financial-related disclosure to be included in or incorporated by reference into any prospectus or other offering documents that may be prepared by the Company.

As part of this review process, the Audit Committee will meet with the external auditors without management present to receive input from the external auditors with respect to the acceptability and quality of the relevant financial information.

The Audit Committee will also review the following items in relation to the above listed documents:

- (a) significant accounting and reporting issues or plans to change accounting practices or policies and the financial impact thereof;
- (b) any significant or unusual transactions;
- (c) significant management estimates and judgments; and
- (d) monthly financial statements.

Following the review by the Audit Committee of the documents set out above, the Audit Committee will recommend to the Board of Directors that such documents be approved by the Board of Directors and filed with all applicable securities regulatory bodies and/or be sent to shareholders.

31.3

External Auditors

The Audit Committee is directly responsible for the appointment, compensation and oversight of the work of the external auditors of the Company (including resolution of disagreements between management and the external auditors regarding financial reporting) for the purpose of preparing or issuing its audit report or performing other audit review or attest services. As a result, the Audit Committee will review and recommend the appointment of the external auditors and the remuneration of the external auditors.

The Audit Committee will review on an annual basis the performance of the external auditors of the Company. The Audit Committee will discuss with the external auditors any disclosed relationships or non-audit services that the external auditors propose to provide to the Company or any of its subsidiaries that may impact the objectivity and independence of the external auditors in order to satisfy itself of the independence of the external auditors.

In addition, the Audit Committee will review on an annual basis the scope and plan of the work to be done by the external auditors of the Company for the coming financial year.

Prior to the release of the annual financial statements of the Company, the Audit Committee will discuss certain matters required to be communicated to the Audit Committee by the external auditors in accordance with the standards established by the Canadian Institute of Chartered Accountants. The Committee will also consider the external auditors' judgment about the quality and appropriateness of the Company's accounting principles as applied in the Company's financial reporting.

31.4

Legal and Compliance

The Audit Committee is responsible for reviewing with management of the Company the following:

- (a) any off-balance sheet transactions, arrangements, obligations (including contingent obligations) and other relationships of the Company and its subsidiaries which would have a material current or future effect on the financial condition of the Company;
- (b) major risk exposures facing the Company and the steps that management has taken to monitor, control and manage such exposures, including the Company's risk assessment and risk management guidelines and policies;
- (c) any litigation, claim or other contingency, including tax assessments that could have a material effect upon the financial position or operating results of the Company and its subsidiaries and the manner in which these matters have been disclosed in the financial statements; and
- (d) the quarterly and annual certificates of the Chief Executive Officer and the Chief Financial Officer of the Company certifying the Company's quarterly and annual financial filings in compliance with Multilateral Instrument 52-109 of the Canadian Securities Administrators.

31.5

Internal Controls

The Audit Committee is responsible for reviewing the adequacy of the Company's internal control structures and procedures designed to ensure compliance with applicable laws and regulations.

The Audit Committee is responsible for establishing procedures for the following:

- (a) the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls, or auditing matters; and

- (b) the confidential, anonymous submission by employees or consultants of the Company of concerns regarding questionable accounting or auditing matters.

The Audit Committee will review and approve the Company's hiring policies regarding partners, employees and former partners and employees of the present and former external auditors. The Audit Committee will also review the letters from the external auditors of the Company outlining the material weaknesses in internal controls noted from their audit, including relevant drafts of such letters.