

Form 45-106F1
Report of Exempt Distribution

This is the form required under section 6.1 of National Instrument 45-106 for a report of exempt distribution.

Issuer information

Item 1: State the full name of the issuer of the security distributed and the address and telephone number of its head office. If the issuer of the security distributed is an investment fund, state the name of the fund as the issuer, and provide the full name of the manager of the investment fund and the address and telephone number of the head office of the manager. Include the former name of the issuer if its name has changed since last report.

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

Telephone: (604) 599-1190

Item 2: State whether the issuer is or is not a reporting issuer and, if reporting, each of the jurisdictions in which it is reporting.

Russell is a reporting issuer in British Columbia, Alberta, Manitoba and Ontario.

Item 3: Indicate the industry of the issuer by checking the appropriate box next to one of the industries listed below.

- | | |
|---|--|
| <input type="checkbox"/> Bio-tech | Mining |
| Financial Services | <input type="checkbox"/> exploration/development |
| <input type="checkbox"/> investment companies and funds | <input type="checkbox"/> production |
| <input type="checkbox"/> mortgage investment companies | <input type="checkbox"/> Oil and gas |
| <input type="checkbox"/> Forestry | <input type="checkbox"/> Real estate |
| <input type="checkbox"/> Hi-tech | <input type="checkbox"/> Utilities |
| <input type="checkbox"/> Industrial | <input checked="" type="checkbox"/> Other (describe) Brewer of Beer |

Details of distribution

Item 4: Complete Schedule I to this report. Schedule I is designed to assist in completing the remainder of this report.

Item 5: State the distribution date. If the report is being filed for securities distributed on more than one distribution date, state all distribution dates.

November 4, 2010

Item 6: For each security distributed:

- (a) describe the type of security,

Convertible Debentures of Russell.

- (b) state the total number of securities distributed. If the security is convertible or exchangeable, describe the type of underlying security, the terms of exercise or conversion and any expiry date; and

CDN\$531,000 principal amount of Convertible Debentures (convertible into common shares). The terms of the Convertible Debentures prescribe a conversion price equal to \$0.15 per common share. The principal amount of the Convertible Debentures is also redeemable by the Issuer on the maturity date at a price equal to \$0.15 per common share. The terms of the convertible debentures will provide for the acceleration of maturity upon the occurrence of certain events of default including: (i) if the Issuer defaults in payment of the principal amount or any interest when the same becomes due and payable; (ii) if the securities regulatory authority of any jurisdiction issues an order ceasing trading in the securities of the Issuer that is not revoked within 30 days; (iii) if the securities of the Issuer are delisted from a stock exchange or if trading in any of the Issuer's securities over a stock exchange are suspended for a period of 30 days or more; (iv) if Issuer makes a general assignment for the benefit of creditors or a receiver or trustee is appointed; or (v) if the Issuer shall neglect to observe or perform any other covenant or condition of the convertible debentures to be observed or performed and the Issuer shall fail to make good such default within a period of 15 days.

- (c) state the exemption(s) relied on.

Section 2.3 of National Instrument 45-106 *Prospectus and Registration Exemptions*.

Item 7: Complete the following table for each Canadian and foreign jurisdiction where purchasers of the securities reside. Do not include in this table, securities issued as payment for commissions or finder's fees disclosed under item 8, below.

Each jurisdiction where purchasers reside	Number of purchasers	Price per security (Canadian \$)	Total dollar value raised from purchasers in the jurisdiction (Canadian \$)
British Columbia	16	\$0.15	\$480,000
Alberta	1	\$0.15	\$5,000
Ontario	2	\$0.15	\$46,000
Total number of Purchasers	19		
Total dollar value of distribution in all jurisdictions (Canadian \$)			\$531,000

Commissions and finder's fees

Item 8: Complete the following table by providing information for each person who has received or will receive compensation in connection with the distribution(s). Compensation includes commissions, discounts or other fees or payments of a similar nature. Do not include payments for services incidental to the distribution, such as clerical, printing, legal or accounting services.

If the securities being issued as compensation are or include convertible securities, such as warrants or options, please add a footnote describing the terms of the convertible securities, including the term and exercise price. Do not include the exercise price of any convertible security in the total dollar value of the compensation unless the securities have been converted.

Full name and address of the person being compensated	Compensation paid or to be paid (cash and/or securities)				
	Cash (Canadian \$)	Securities			Total dollar value of compensation (Canadian \$)
		Number and type of securities issued*	Price per security	Exemption relied on and date of distribution	
Canaccord Genuity Corp. 22200 – 609 Granville Street Vancouver, BC V7Y 1H2	\$53,100 10% of gross proceeds \$5,000 ¹ Administration fee	625,000 Shares ¹ 424,800 Broker's Warrants ²	Issued as a Corporate Finance Fee \$0.08 Per Broker's Warrant	Section 2.3 of National Instrument 45-106 Prospectus and Registration Exemptions	\$108,100³
TOTAL					\$108,100

¹ for services rendered in connection with this private placement and a concurrent private placement of units.

² each broker's warrant entitles the holder to purchase one unit of Russell consisting of one common share and one warrant at an exercise price of \$0.08 per unit for a period of two years from the date of issue.

³ includes the value of the 625,000 shares and the \$5,000 administration fee, which were paid for services rendered in connection with both this private placement of convertible debentures and a concurrent private placement of units.

Item 9: If a distribution is made in Ontario, please include the attached "Authorization of Indirect Collection of Personal Information for Distributions in Ontario". The "Authorization of Indirect Collection of Personal Information for Distributions in Ontario" is only required to be filed with the Ontario Securities Commission.

Certificate

On behalf of the issuer, I certify that the statements made in this report are true.

Date: November 9, 2010

Russell Breweries Inc.

Name of issuer (please print)

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

Print name, title and telephone number of person signing

Brian Harris
Signature

Item 10: State the name, title and telephone number of the person who may be contacted with respect to any questions regarding the contents of this report, if different than the person signing the certificate.

See above

IT IS AN OFFENCE TO MAKE A MISREPRESENTATION IN THIS REPORT.

Notice - Collection and use of personal information

The personal information required under this form is collected on behalf of and used by the securities regulatory authorities or, where applicable, the regulators under the authority granted in securities legislation for the purposes of the administration and enforcement of the securities legislation.

If you have any questions about the collection and use of this information, contact the securities regulatory authority or, where applicable, the regulator in the jurisdiction(s) where the form is filed, at the address(es) listed at the end of this report.

Authorization of Indirect Collection of Personal Information for Distributions in Ontario

The attached Schedule I contains personal information of purchasers and details of the distribution(s). The issuer hereby confirms that each purchaser listed in Schedule I of this report

- (a) has been notified by the issuer
 - (i) of the delivery to the Ontario Securities Commission of the information pertaining to the person as set out in Schedule I,
 - (ii) that this information is being collected indirectly by the Ontario Securities Commission under the authority granted to it in securities legislation,
 - (iii) that this information is being collected for the purposes of the administration and enforcement of the securities legislation of Ontario, and
 - (iv) of the title, business address and business telephone number of the public official in Ontario, as set out in this report, who can answer questions about the Ontario Securities Commission's indirect collection of the information, and
- (b) has authorized the indirect collection of the information by the Ontario Securities Commission.