



Russell Breweries Inc. Reports Positive EBITDA Results in Q1 2012 Fiscal Results

FOR IMMEDIATE RELEASE

VANCOUVER, Canada - January 5, 2012 - Russell Breweries Inc. (TSX.V:RB), a producer of premium craft beer, today reported earnings before interest, taxes and amortization (EBITDA) of \$117,650 for the first quarter fiscal 2012 (Q1 2012F) for the three month period ending September 30, 2011.

Net sales for Q1 2012F were \$1,656,235, up \$64,919 or 4% compared to \$1,591,316 for the period that ended September 30, 2010 ("Q1 2011F"), while the Canadian beer industry experienced 2%⁽¹⁾ year over year increase in sales during the same period. The net sales increase is primarily a result of \$98,514 increase in gross sales, representing \$137,057 increase in premium brands and \$37,592 decrease in mature mainstream brands. This reflects the Company's recent marketing strategy with a focus on premium brands.

The gross margin for Q1 2012F was down \$26,316 or 2.93% to \$872,588 compared to \$898,904 for Q1 2011F. The gross margin percentage of Q1 2012F was down 3.80% to 52.69% compared to 56.49% for Q1 2011F. The decrease in gross margin is primarily a result of writing off stale dated beers accumulated during the last three years at a cost of \$63,948. The gross margin percentage would have been maintained at 56% level had no write off occurred.

Selling, general and administration expenses for Q1 2012F were maintained around \$750,000, similar to Q1 2011F. The Company had a net loss of \$83,128 for Q1 2012F or \$0.00 per share compared to the net loss of \$46,775 or \$0.00 per share for Q1 2011F.

The Company adopted International Financial Reporting Standards ("IFRS") for Canadian publicly accountable enterprises on July 1, 2011, with a transition date of July 1, 2010. Prior to the adoption of IFRS, the Company followed Canadian Generally Accepted Accounting Principles ("GAAP"). While IFRS has many similarities to Canadian GAAP, some of the Company's accounting policies have changed as a result of its transition to IFRS. The most significant accounting policy changes that have had an impact on the results of operations are discussed within the applicable sections of the Company's first quarter that ended September 30, 2011 Management Discussion & Analysis ("MD&A") and interim Financial Statements filed on SEDAR.

For further details the Company's complete MD&A and financial statements for the three months ending September 30, 2011 and 2010 are available on SEDAR at www.sedar.com and the Company's web site at www.russellbeer.com.

Russell Breweries Inc. produces premium beers in Western Canada in breweries located in British Columbia and Manitoba. All products are held to the highest quality standards, brewed without any preservatives, ensuring that the passion that goes into crafting the beers comes through in the taste. Russell Breweries Inc. is a public company trading on the TSX Venture Exchange under the symbol "RB".

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Neither TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

⁽¹⁾ Canadian beer industrial sales increase rate were calculated using monthly domestic sales data for the relevant quarters from the official web-site of Brewers Association of Canada (<http://www.brewstats.ca/reports/domestic>).