



Russell Breweries Inc. Announces Fiscal 2012 Results
Company Reports EBITDA Positive

VANCOUVER, Canada – October 30, 2012 - Russell Breweries Inc. (TSX.V:RB), a producer of premium craft beer in Western Canada, releases its financial results for the fourth quarter and Fiscal 2012, ended June 30, 2012.

“We are pleased with the significant improvement of the Company during our 2012 fiscal year”, says Brian Harris, CEO. “We have continued to grow in a highly competitive market. Our margins have improved and cost controls and other initiatives implemented have resulted in an improved bottom line. The Company is \$32,970 EBITDA positive for fiscal 2012 compared to a negative EBITDA of \$730,267 for fiscal 2011. The company also achieved, first time ever, earnings of \$6,521 after adjusting for items not affecting cash for fiscal 2012 compared to loss of \$804,801 for fiscal 2011, a significant improvement of \$811,322.”

Fiscal 2012 Highlights (“2012F YTD”)

Russell Breweries Inc. generated \$8,416,964 gross sales for 2012F YTD up \$659,656 or 8.5% compared to \$7,757,308 for the year ended June 30, 2011 (“2011F YTD”). Sales in British Columbia increased 14% while Manitoba and other sales territories maintained at the same level of 2011. Net Sales for 2012F YTD were \$6,477,995 up \$604,123 or 10% compared to \$5,873,872 for 2011F YTD.

The gross margin for 2012F YTD increased \$644,255 or 23% to \$3,423,420 compared to \$2,779,165 for 2011F YTD. The gross margin percentage of 2012F YTD was up 6% to 53% compared to 47% for 2011F YTD. The increase in gross margin is primarily a result of the continued sales growth in higher margin premium and super premium brands.

Selling, general and administration expenses for 2012F YTD decreased \$102,760 to \$3,711,816 from \$3,814,576 of 2011F YTD. Other expenses for 2012F YTD were up \$3,263 to \$361,098 compared to \$357,835 for 2011F YTD.

In transitioning to IFRS, the Company has reclassified the depreciation charge for manufacturing property and equipment to cost of sales and certain selling and distribution costs to selling, general and administrative expense. For 2012F YTD, \$321,366 of \$460,038 depreciation has been reclassified to cost of sales compared to \$331,928 of 460,193 for 2011F YTD.

The Company had a net loss of \$788,166 for 2012F YTD compared to the net loss of \$1,521,511 for 2011F YTD, a decrease of \$733,345 or 48%. The decrease in net loss is primarily a result of \$644,255 increase in gross margin which is offset by \$102,760 increase in selling, general and administrative expenses which is offset by an increase of \$3,263 in other expenses.

For 2012F YTD, the Company accrued deferred income tax expense, first time ever, for \$321,000 in comprehensive loss compared to \$nil for 2011F YTD. The deferred income tax expense accrued is a result of using the asset and liability method of accounting for future income taxes related to Fort Garry Brewing Company Ltd., a wholly owned subsidiary being profitable for the last four fiscal years. It is more likely than not that the future income tax liabilities will be realized in the near future.

Fourth Quarter Highlights ("Q4 2012F")

The Company generated \$2,352,848 gross sales for Q4 2012F up \$304,838 or 15% compared to \$2,048,010 for the three months ended June 30, 2011 ("Q4 2011F"). Net Sales for Q4 2012F were \$1,812,981 up \$443,956 or 32% compared to \$1,369,025 for Q4 2011F.

The gross margin for Q4 2012F increased \$284,145 or 42% to \$963,601 compared to \$679,456 for Q4 2011F. The gross margin percentage of Q4 2012F was up 3% to 53% compared to 50% for Q4 2011F. The increase in gross margin is primarily a result of the continued sales growth in higher margin premium and super premium brands.

Selling, general and administration expenses for Q4 2012F were \$1,255,263 down \$108,739 or 9% compared to \$1,364,002 for Q4 2011F. Other expenses for Q4 2012F were down \$54,537 to \$92,271 compared to \$146,808 for Q4 2011F.

The Company had a net loss of \$177,442 for Q4 2012F compared to the net loss of \$614,672 for Q4 2011F.

For further details the Company's complete MD&A and financial statements for the three and nine months ending March 31, 2012 and 2011 are available on SEDAR at www.sedar.com and the Company's web site at www.russellbeer.com.

Russell Breweries Inc. is a leading Western Canadian brewer. It brews, markets, sells and distributes a diverse portfolio of award-winning beers that are produced by its wholly-owned regional breweries: Russell Brewing Company in British Columbia and Fort Garry Brewing Company in Manitoba. Both breweries are dedicated to producing high-quality, flavourful ales and lagers. Russell Breweries Inc. is publicly listed on the TSX Venture Exchange (TSX.V: RB).

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