



Russell Breweries Inc. Announces Fiscal 2013 Results

Company Reports \$314,375 EBITDA positive

VANCOUVER, Canada – October 29, 2013 - Russell Breweries Inc. (TSX.V:RB), a producer of premium craft beer, releases its financial results for the fourth quarter and Fiscal 2013, ended June 30, 2013.

"We are pleased with the continuing improvement of the Company over Fiscal 2013", says Benjamin Li Yu, CEO. "We have continued to grow in a highly competitive market. Our margins have improved and cost controls and other initiatives implemented by our team have resulted in an improved bottom line. The Company is \$314,375 EBITDA positive for fiscal 2013 compared to \$32,970 for fiscal 2012."

Fiscal 2013 Highlights ("2013F YTD")

Russell Breweries Inc. generated \$8,691,831 gross sales for 2013F YTD, up \$274,867 or 3% compared to \$8,416,964 for the year ended June 30, 2012 ("2012F YTD"). Net Sales for 2013F YTD were \$6,732,226 up \$254,231 or 4% compared to \$6,477,995 for 2012F YTD.

The gross margin for 2013F YTD increased \$93,245 or 3% to \$3,147,820 compared to \$3,054,575 for 2012F YTD. The gross margin percentage of 2013F YTD was 53% same as 2012F 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 2013F YTD were \$3,591,734 down \$120,082 or 3% compared to \$3,711,816 for 2012F YTD. Other expenses for 2013F YTD were down \$130,582 to \$230,516 compared to \$361,098 for 2012F YTD.

The Company had a net loss and comprehensive loss of \$1,109,166 for 2012F YTD compared to the net loss of \$1,521,511 for the year ended June 30, 2011 ("2011F YTD"), a decrease of \$412,345. The decrease in net loss is primarily a result of \$644,255 increase in gross margin and \$102,760 decrease in selling, general and administrative expenses which is offset by an increase of \$3,263 in other expenses and by deferred income tax expense of \$321,000.

The Company had a net loss and comprehensive loss of \$545,619 for 2013F YTD compared to restated \$1,088,166 for the year ended June 30, 2012. The decrease in net loss and comprehensive loss is primarily a result of \$93,245 increase in gross margin, \$17,897 decrease in depreciation, \$120,082 decrease in selling, general and administrative expenses, \$130,582 decrease in other expenses, and \$113,000 decrease in deferred income tax expense.

The deferred income tax expense accrued is a result of using the asset and liability method of accounting for future income taxes due to the situation that one of the Company's wholly owned subsidiary has been 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 2013F")

The Company generated \$2,463,510 gross sales for Q4 2013F up \$110,662 or 5% compared to \$2,352,848 for the year ended June 30, 2012 ("Q4 2012F"). Net Sales for Q4 2013F were \$1,875,220 up \$62,239 or 3% compared to \$1,812,981 for Q4 2012F.

The gross margin for Q4 2013F decreased \$218,532 or 21.7% to \$786,890 compared to \$1,005,422 for Q4 2012F. The gross margin percentage of Q4 2013F was down 13.5% to 42.0% compared to 55.5% for Q4 2012F. The decrease in gross margin is primarily a result of adjusting the planned cost to actual cost in Q4 2013F.

Selling, general and administration expenses for Q4 2013F were \$1,004,649, down \$51,040 or 4.8% compared to \$1,055,690 for Q4 2012F. Other expenses for Q4 2013F were down \$50,294 to \$41,977 compared to \$92,271 for Q4 2012F.

The Company had a net loss and comprehensive loss of \$468,114 for Q4 2013F compared to \$477,442 for Q4 2012F.

Restatement

During the year ended June 30, 2013, the Company identified an error which occurred in 2003 related to the expiry dates of certain non-capital losses which can be carried forward to apply against future years' taxable income for Canadian income tax purposes. The Company has retroactively restated its prior years' figures going back to 2002 to correct the error which resulted in an increase in deferred income tax liabilities and deficit in the amount of \$221,000 as at June 30, 2012 (July 1, 2011 - \$242,000) and an increase in deferred income tax expense and loss and comprehensive loss of \$300,000 for the year then ended. There was no effect on the previously reported loss per share for the year ended June 30, 2012 as a result of the restatement.

For further details the Company's complete MD&A and financial statements for the year ended June 30, 2013 and 2012 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 BC 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".

For more information, please contact:

Benjamin Li Yu | CEO

Russell Breweries Inc.

Tel: 604.599.1190

Fax: 604.596.1048

benjamin.yu@russellbeer.com

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