



Russell Breweries Inc. Announces Amendment and Extension to Existing Loan Agreement and Acceptance of Offer of Pre-authorized Loan

Company reduces long term debt commitments

VANCOUVER, Canada – February 4, 2011 – Russell Breweries Inc. (“Russell”, or the “Company”) (TSX.V:RB) a producer of premium craft beer in Western Canada, is pleased to announce that it has entered into an amendment and extension loan agreement (the “**Amended Loan Agreement**”) to the loan agreement dated December 31, 2007, pursuant to which the “**Lender**”, a shareholder of Russell, reduced the loan amount to \$738,600 (the “**Loan Amount**”) from \$1,239,000, provided that Russell repaid the loan in the amount of \$619,000 on January 1, 2011. Pursuant to the Amended Loan Agreement, the “**Lender**” provides to Russell a new loan (the “**Loan**”) valued at maturity in the amount of \$738,600. A discounted value or Loan advance amount of \$620,000 is calculated based on a 10% per annum interest rate, calculated semi-annually, with interest payable on maturity resulting in a total loan value at maturity of \$738,600. In consideration of the Lender agreeing to amend and extend the Loan, the Lender will also earn a bonus of \$22,500 to be included in the Loan Amount. The term of the Loan is nineteen months. Russell may repay the Loan at any time without penalty by paying the discounted Loan advance amount of \$620,000 together with accumulated interest.

The Loan is guaranteed by Russell Breweries Company Ltd. (“**RBCL**”) and Fort Garry Brewing Company Ltd. (“**Fort Garry**”), both wholly-owned subsidiaries of Russell. Russell intends to repay the Loan by utilizing cash flow or by a debt or equity refinancing.

Russell intends to use the proceeds of the Loan for its brewery operations, and for general working capital.

As security for the Loan, Russell, RBCL, and Fort Garry will grant to the Lender a subordinated security agreement creating a security interest and charge over all of their respective property and assets subordinate to senior debt and senior security of up to \$2.5 million plus capital lease obligations incurred for future acquisitions of equipment and other capital assets.

The Company further announces that its subsidiary, Fort Garry accepted an offer of \$100,000 pre-authorized working capital loan (the “**BDC Loan**”) from Business Development Bank of

Canada ("BDC") on October 31, 2010. The BDC Loan, bearing interest at 5.5% maturing October 31, 2015, is supported by a guarantee made by two directors of Russell.

Russell intends to use the proceeds of the Loan for its brewery operations and for general working capital.

In consideration for the above guarantees, Russell intends to issue the two Directors 250,000 shares (the "Bonus Shares") of Russell.

The Loan and the issuance of the Bonus Shares in connection therewith are subject to final acceptance by the TSX Venture Exchange.

ABOUT THE COMPANY: 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".

Neither the 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.

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