RUM Reports Q1 Improvement in Cash Flow

EDMONTON, May 25, 2012 – Rocky Mountain Liquor Inc. (TSX-V: RUM) (the "Company" or "Rocky Mountain"), listed on the TSX Venture Exchange (the "Exchange"), today reported its financial results for the period ending March 31, 2012.

Results Highlights for the 3-month period ending March 31, 2012:

- EBITDA was $298,781 (2011 – 270,161), an increase of 10.6%;
- Sales were $10,512,369 (2011 - $10,021,156) , an increase of 4.9%;
- Gross margin was 23.2% (2011 – 21.2%);
- Operating margin was $321,784 (2011 – $237,525), an increase of 35.5%;
- Net loss $119,085 (2011 - $145,502), a decrease of 18.2%.

During the three-month period ended March 31, 2012 the Company acquired one new store in Central Alberta and sold one store resulting in 40 stores in operation at the end of the first quarter. The net result of both transactions in cash and inventory value was a payment of $42,005. The sale of the store in Central Alberta resulted in a gain of $2,522.

Ms. Sarah Stelmack, CFO, said "We have incurred small net losses in Q1 of every fiscal year since our reverse take-over, however sales revenue, operating margin and EBITDA have grown steadily year over year with Q1 2012 being our highest results for those metrics since Q1 2008. The net loss after tax is as a result of higher finance costs associated with our debenture financing. This quarter the net loss was reduced as compared to the same quarter last year."

In 2011 we announced repayment of $3 million subordinated debt with a 9.9% coupon rate and quarterly fees with the net proceeds of a convertible debenture valued at $8.5 million. The overall savings of finance fees between January 1, 2012 and September 15, 2014 will be $974,576. As a result of the early repayment, there were fees and expenses of $487,769 reported in the 2011 income statement. This early retirement results in a reduction of $89,250 in finance charges per quarter.

During the first quarter the Company was awarded the "Fast Growth 50" award in February 2012 based on the Company's 2010 results. The Company ranked 18th overall.

Mr. Peter Byrne, CEO stated his satisfaction with Q1 results. "I am pleased to see an 18% reduction in the net loss as compared to last year. The large increase in operating margin is mainly a result of our team's superb efforts. They are efficiently utilizing our operational data systems, business intelligence and custom management reporting capabilities to improve results."

The Company's unaudited consolidated financial statements and Management Discussion and Analysis for the three month period ended March 31, 2012 are available under the

Company's profile on SEDAR at www.sedar.com and also on the Company's website at www.ruminvestor.com .

About Rocky Mountain

Rocky Mountain owns 100% of Andersons Liquor Inc. ("Andersons"), headquartered in Edmonton Alberta, which now own and operate 41 private liquor stores in that province, up from 18 stores since the Common Shares began trading in December 2008. It is listed on the TSX Venture Exchange (TSX-V:RUM).

Forward-Looking Statements

This news release may contain "forward-looking statements" within the meaning of applicable securities laws relating to the future growth of the Company, and the ability to execute its business strategy. Readers are cautioned not to place undue reliance on forward-looking statements, and in particular results achieved in 2012 and previous periods. Past results might not be a certain indication of future performance, which is subject to other risks, including but not limited to changes in operational policies, changes in management, changes in strategic focus, market conditions and customer preferences. Actual results and developments may differ materially from those contemplated by these statements depending on, among other things, the risks that these events may not materialize as well as those additional factors discussed in the section entitled "Risk Factors" in RUM's Management Discussion and Analysis, which can be obtained at www.sedar.com. If they do materialize, there remains a risk of non-execution for any reason.

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