ROCKY MOUNTAIN LIQUOR INC

Ticker: "RUM"

MANAGEMENT'S DISCUSSION AND ANALYSIS

November 24, 2011

ROCKY MOUNTAIN LIQUOR INC

MANAGEMENT'S DISCUSSION AND ANALYSIS

This management discussion and analysis is dated November 24, 2011.

The following is a discussion of the consolidated financial condition and operations of Rocky Mountain Liquor Inc ("RML" or the "Company") for the periods indicated and of certain factors that the Company believes may affect its prospective financial condition, cash flows and results of operations. This discussion and analysis should be read in conjunction with the unaudited consolidated financial statements and accompanying notes of the Company for the three and nine months ended September 30, 2011. The Company owns 100% of Andersons Liquor Inc. ("Andersons") headquartered in Edmonton Alberta, which owns and operates private liquor stores in that province.

The Company's unaudited financial statements and the notes thereto have been prepared in accordance with International Financial Reporting Standards ("IFRS") and are reported in Canadian dollars. References to notes are to notes of the financial statements unless otherwise stated.

FORWARD LOOKING INFORMATION AND STATEMENTS ADVISORY

This management discussion and analysis contains certain forward-looking information and statements within the meaning of applicable securities laws. The use of any of the words "expect", "anticipate", "continue", "estimate", "objective", "ongoing", "may", "will", "project", "should", "believe", "plans", "intends", "might" and similar expressions is intended to identify forward-looking information or statements. In particular, but without limiting the foregoing, this management discussion and analysis contains forward-looking information and statements pertaining to the following: (i) the stability of retail liquor sales; (ii) the ability to acquire additional liquor stores and/or locations; (iii) increased revenues and margins due to tax increase, (iv) the ability to purchase inventory at a discount, (v) ongoing impact from price inflation, (vi) potential exercise of warrants, (vii) equity issuance and (viii) other expectations, beliefs, plans, goals, objectives, assumptions, information and statements about possible future events, conditions, results of operations or performance. All statements other than statements of historical fact contained in this management's discussion and analysis are forward-looking statements, including, without limitation, statements regarding the future financial position, business strategy, proposed or recent acquisitions and the benefits to be derived there from, and plans and objectives of or involving the Company.

The forward-looking information and statements contained in this management discussion and analysis reflect several material factors, expectations and assumptions including, without limitation: (i) demand for adult beverages; (ii) the ability to acquire additional liquor stores and/or locations; (iii) the Company's ability to secure financing to suit its growth strategy; (iv) the integration risk and requirements for the purchase or development of liquor stores; (v) the Company's future operating and financial results; (vi) treatment under governmental regulatory regimes, tax, and other laws; and (vii) the ability to attract and retain employees for the Company.

The forward-looking information and statements included in this MD&A are not guarantees of future performance and should not be unduly relied upon. Forward-looking statements are based on current expectations, estimates and projections that involve a number of risks and uncertainties, which could cause actual results to differ materially from those anticipated and described in the forward-looking statements. Such information and statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward looking information or statements including, without limitation: (i) impact of economic events affecting discretionary consumer spending; (ii) ability to obtain required financing to continue growth strategy; (iii) changes in Government regulation of the retail liquor industry; (iv) impact from competition in the market's where the Company operates; (v) ability to source locations and acquisitions for growth strategy; (vi) actions by governmental or regulatory authorities including changes in income tax laws and excise taxes; (vii) the ability of the Company to retain key personnel; (viii) the Company's ability to adapt to changes in competition; (ix) the impact of supplier disruption or delays; (xi) the maintenance of management information systems; (xii) the impact of increases in labour costs, shortages or labour relations; (xiii) the impact of weather on its affect on consumer demand, (ix) the ability to raise capital, and (x) the ability to complete construction projects.

The Company cautions that the foregoing list of assumptions, risks and uncertainties is not exhaustive. The forward looking information and statements contained in this discussion and analysis speak only as of the date of this management discussion and analysis, and the Company assumes no obligation to publicly update or revise them to reflect new events or circumstances, except as may be required pursuant to applicable laws.

Throughout this management discussion and analysis references are made to "EBITDA", "operating margin", "operating margin before non-recurring items", "operating margin as a percentage of sales", and other "Non-IFRS Measures". A description of these measures and their limitations are discussed below under "Non-IFRS Measures". See also "Risk Factors" discussed below.

Additional information relating to the Company, including all other public filings is available on SEDAR (www.sedar.com).

KEY HIGHLIGHTS FOR THE THIRD QUARTER

The Company completed the acquisition of two stores in Lethbridge, Alberta, and completed the construction of one store in Cold Lake, Alberta.

Key Operating Highlights, year over year 3 month comparison:

- Sales increased 11.75% from $13,547,456 to $15,138,591;
- Gross margin increased from 21.25% to 21.92%;
- EBITDA increased 32.46% from $811,250 to $ 1,074,564;
- Operating margin increased 33.80% from $789,201 to $1,055,951;
- Net income increased from $66,385 to $70,289.

Key Operational Highlights, year over year 9 month comparison:

- Sales increased 13.63% from $34,801,263 to $39,544,163;
- Gross margin increased from 21.25% to 21.74%
- EBITDA increased 20.29% from $1,995,490 to $2,400,281;
- Operating margin increased 14.40% from $2,000,994 to $2,289,184;
- Net income decreased from $224,531 to $87,982.

RECENT DEVELOPMENTS SINCE PERIOD ENDED SEPTEMBER 30, 2011

On November 23, 2011 the Company's Board of Directors approved a request from management to reduce subordinated debt in the amount of $3 million dollars. Further details can be found below in the section called "Credit Facilities."

On November 23, 2011 the Company's Board of Directors approved a request from management to reduce the amount of the Senior Bank facilities from $25 million to $20 million to save commitment fees. Further details can be found below in the section called "Credit Facilities."

OUTLOOK

Store growth will remain the Company's fundamental focus during Q4 and for Fiscal 2012. Year to date we have opened a total of four new store developments in Edmonton, Pincher Creek, Wainwright and Cold Lake. The new store developed in Cold Lake opened during Q3 as expected. In addition to our new store developments, we acquired three liquor stores in the current year, resulting in a total of seven additions by the end of the third quarter in 2011. Management has identified numerous potential targets in Alberta and British Colombia and will strive to maintain our aggressive growth targets. We anticipate a reduction of debt in Q4 in the range of approximately $3 million dollars. We expect to have sufficient financial resources to meet our anticipated growth objectives.

We expect continued operating margin improvements resulting from the success of our in-store service levels due to improved distribution techniques, automated purchasing management, other ongoing optimizing efforts, as well as indications of improvements in the Alberta economy. Although our operations are primarily in rural markets, aggressive pricing and promotion is expected again this Christmas in our larger markets. Notwithstanding this, management does not anticipate the need to cut margins to the same extent as in 2010 when recessionary fears impacted some consumer spending.

We will continue to place more emphasis on retail customer transactions and less on liquor service revenues due to credit risk experience. In addition the Company's experience shows that subscriber-based cash transactions provide a more predictable and sustainable earnings platform.

The Government of Alberta has been having public sessions with the Ministry of Finance and the Treasury Board in preparation for the 2012 budget. Public sentiment at this early stage appears to favour a change in past dependence on non-renewable revenues in favour of more predictable tax revenues. Past experience has shown that any increase in liquor taxes could result in arbitrage on liquor inventories held for resale while at the same time also affecting consumer choices and encouraging product substitutions. We will continue to improve our technology to closely monitor shifts in demand should any changes occur to the Alberta liquor tax regime.

The Alberta Government has introduced new drinking and driving legislation that if passed could have an impact liquor sales. The new penalties will resemble B.C.'s impaired driving laws introduced last year, with one notable exception being that Alberta's measures won't include fines.

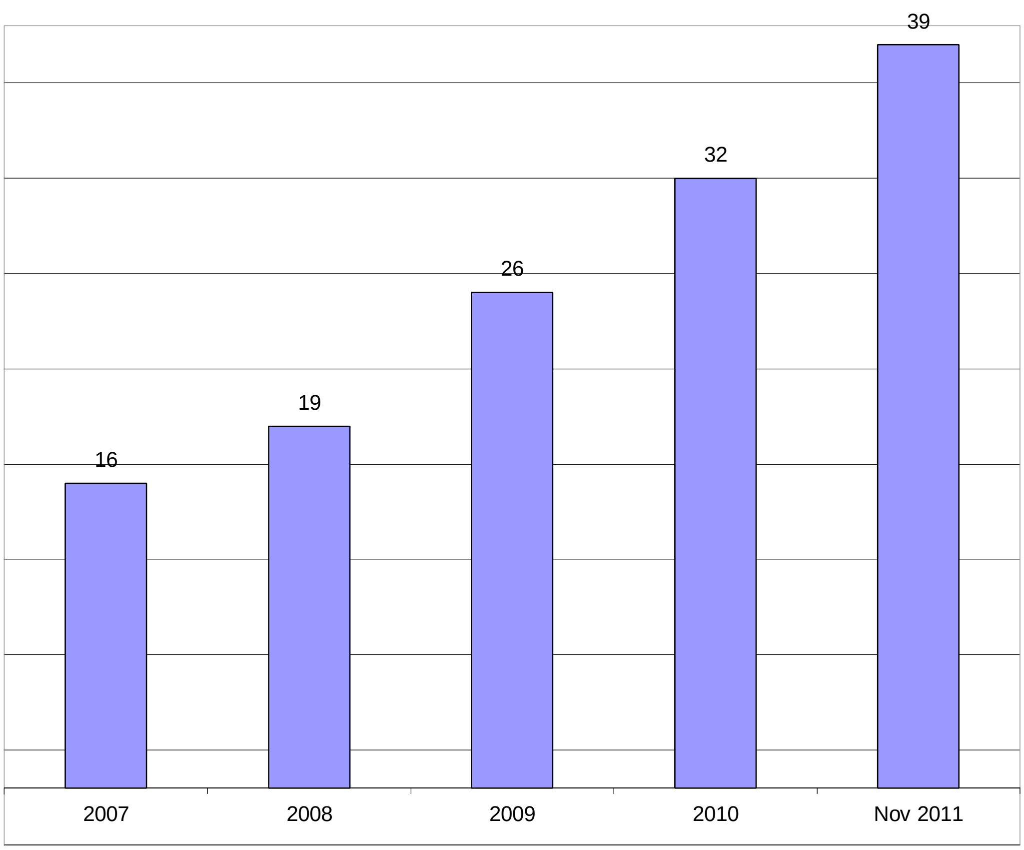
OVERVIEW OF ROCKY MOUNTAIN LIQUOR INC

The Company is an incorporated Company established under the laws of the Business Corporations Act (Canada) with its common shares ("shares") trading on the TSX Venture Exchange under the symbol ("RUM").

Andersons, headquartered in Edmonton, Alberta, owns and operates private liquor stores in that province. Alberta is the only province in Canada that has a fully privatized retail distribution system for adult beverages. The product mix generally offered by Andersons at its retail stores includes beer, spirits, wine and ready to drink liquor products, as well as ancillary items such as juice, ice, mix and giftware. Andersons has focused on store operations while pursuing an active acquisition strategy to acquire additional stores within the Alberta market, focusing largely outside of the major urban centres. To date, Andersons has been successful in improving the performance of its acquisitions through effective integration with its existing operations.

As of November 24, 2011 Andersons operated and owned 39 stores. On July 12 and 13, 2011 the Company completed the acquisition of two stores in Lethbridge, Alberta and on August 26, 2011, completed the construction of one new store in Cold Lake, Alberta.

Number of Retail Liquor Stores



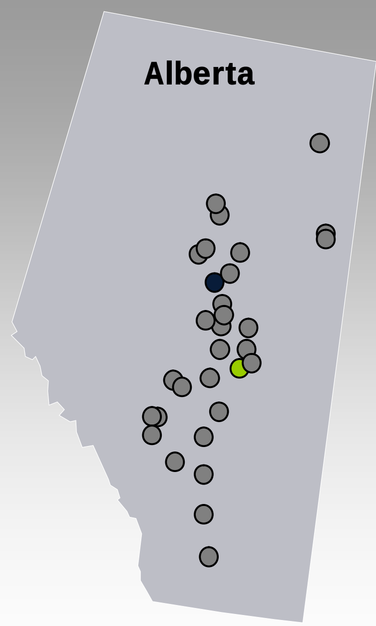
COMPETITIVE ENVIRONMENT

The Province of Alberta is the only province in Canada that has a fully privatized retail distribution system for adult beverages. Andersons operates 39 liquor stores in Alberta where there are approximately 1,273 liquor stores and 95 agency stores as at September 2011 [Source: Alberta Gaming and Liquor Commission]. The primary drivers of liquor store sales are location, convenience, and range of product selection. Management of the Company believes that price and service also play a role in the competitive market, but to a lesser degree than convenience, location and selection. The Company has therefore pursued an acquisition strategy that closely analyzes the location of retail operations, including the location of any competition. The

Company has focused on locations largely outside of the major urban centers (Edmonton and Calgary) and on specific sites with maximum traffic and minimal competition. In addition, the Company has integrated inventory and warehousing systems into its retail operations, allowing it to take advantage of procurement opportunities.

Andersons operates 11 stores in Northern Alberta, 18 stores in Central Alberta and 10 stores in Southern Alberta.

Locations



- Head Office - Edmonton
- Distribution Center - Wetaskiwin
- Retail locations

Athabasca	2
Beaumont	1
Calgary	1
Claresholm	1
Cochrane	1
Cold Lake	1
Devon	3
Didsbury	1
Drayton Valley	1
Edmonton	2
Fort MacLeod	1
Fort McMurray	1
Gibbons	1
Lac La Biche	1
Leduc	1
Lethbridge	4
Millet	1
Morinville	2
Nisku	1
Pincher Creek	1
Rocky Mountain House	2
St. Paul	3
Sylvan Lake	3
Wetaskiwin	2
Wainwright	1
	39

AWARDS FOR GROWTH

Fast Growth 50 – 3-year growth in Alberta

The company was one of 50 of Alberta's leading growth companies awarded the "Fast Growth 50" award in February 2011. The ninth annual event was hosted by Ruth Kelly, publisher of Alberta Venture Magazine. Rocky Mountain Liquor was evaluated 2ND among Albertan companies with sales over $25,000,000, and ranked 16th overall. Ms. Kelly explained how the magazine, with the assistance of KPMG Chartered Accountants, evaluated 1100 Alberta companies before selecting the Fast Growth 50 winners. The Fast Growth 50 are judged annually on sales increases and capital asset increases over the past 3 years as well as employee growth, R&D expenditures, marketing programs, and capital investments.

Profit 200 – 5-year growth in Canada

The Company was ranked in the 23rd annual PROFIT 200 ranking of Canada's Fastest-Growing Companies by PROFIT Magazine in June. The Company ranked 168th overall for 5 year growth of 250%. The award was evaluated on the five-year growth of Andersons Liquor Inc., the wholly owned subsidiary of the Company. The rankings were published in the Summer issue of PROFIT and online at PROFITguide.com. The PROFIT 200 is Canada's largest annual celebration of entrepreneurial achievement.

BUSINESS STRATEGY

Growth - New Stores

The Company's strategy is to grow by increasing the number of customer transactions as well as through new store development and acquisitions. Andersons is actively exploring opportunities to acquire and/or develop stores in Alberta, and evaluate growth opportunities in British Columbia. Management will continue to assess potential acquisitions and store development opportunities for their ability to add accretive cash flow and shareholder value.

Differentiation: Product, Operations, and Management Information Systems

Through the use of the Andersons warehousing and distribution capability, management will continue to focus on product optimization by providing more product choices for its customers. Through the use of management information systems, Andersons will derive efficiencies and continue its efforts in providing operational effectiveness.

In Q4 of 2011 Andersons will consolidate its current Wetaskiwin location into the new Edmonton location at Centre 149. This is expected to result in significant operational efficiencies and expense reductions. A new Warehouse Management Software System with Enterprise Resource Planning capabilities has been installed at Center 149. References to "Enterprise Fulfillment" or "Enterprise Fulfillment Centre" will now refer to Centre 149 located at 149 Street in the City of Edmonton.

Technology

The company utilizes a combination of third party and custom designed applications for point of sale, reconciliation, accounting, business intelligence and reporting. We maintain our own internal Information Technologies support staff and programmers. All our applications run on Windows operating systems both at the store and enterprise level.

Laptop and remote services, like scanning tools, use a combination of virtual private network and terminal services to interface from outside our enterprise security perimeter. To increase certainty and scalability, and to allow for future growth of stores, management has outsourced our enterprise servers and installed software based, automated data replication servers at each store location. These replication servers require no additional investment in computer hardware. We have installed an enterprise data-container capable of containing and reporting on two billion transactions in an SQL data container.

We are concentrating on producing a robotic data environment where automation software is used to push spreadsheet-based reporting output on a regular and timely basis to store level, operations level and enterprise level. There are a variety of key performance indicators such as return on capital metrics and operational exceptions that are provided in near real time to our front line managers and their supervisors.

Time and attendance systems utilize web-based solutions, which integrate seamlessly with web-based payroll solutions provided by industry leading suppliers. All our employees receive their pay records online in a secure, self-service environment. The efficiencies we realize from integrating and automating these world-class technologies through software robotics allows us to reduce and manage administrative and overhead costs.

Our custom designed and outsourced software drives efficiencies in our warehouse and enterprise distribution systems. These operations, discussed further herein, aim to maximize operational effectiveness and operating margins, while at the same time ensuring that working capital cycles are more efficient. Moreover, the integration of these systems into its enterprise operations allows the Company to take advantage of pricing opportunities on a limited time offer basis, as discussed further below.

We now integrate our systems with our external suppliers/partners. This approach is called Enterprise Resource Planning (ERP). This ongoing project is intended to automate forecasting, replenishment and receiving of inventories, providing efficient and lower cost distribution and transportation management, as well as reducing administration costs and latency. Our goal is to have the right products, in sustainable quantities, on our shelves at the right time.

Some external suppliers have chosen to integrate with our ERP system through secure file transfer protocols, direct machine-to-machine data communication and secure internet connections using various web-based engines. Our system is currently and successfully using all of these external supplier resources in both our robotic and manual ERP integrations

The Company has achieved rapid store growth and has had continued success integrating its store acquisitions into its existing retail system, thereby validating management's strong belief in the efficiency and effectiveness of the Company’s operational systems. An important element of the Company's operational support is its Enterprise Fulfillment Centre (“EFC”). While inventory suppliers tend to provide retailers with large bundles of product, rather than single items, the EFC enables the Company to break down bundles into individual pieces in order to better meet the demands of individual stores. This in turn improves the inventory flexibility, provides increased selection in individual stores, while producing an industry leading gross margin return on inventory investment as measured by gross profit return divided by average inventory valuation. A second advantage of the EFC is that it allows the Company to take advantage of inventory purchasing at opportune stages, such as Limited Time Offers (“LTO’s”). LTO’s are discounts offered by liquor distributors and are typically offered one to four times per year.

The EFC efficiently manages the temporary influx of inventory that can result from increased purchasing at these times. Moreover, having a centralized warehouse that can service retail stores effectively has reduced the need to lease larger retail store spaces to incorporate warehousing functions, which traditionally have high rent and utility consumption. Management of the Company believes that the cost to run the EFC is less than the costs to lease larger stores with on-site warehousing capabilities.

At store level we have multiple redundancies that allow our point of sale systems to operate in a non network dependant manner. Our stores are able to continue operations autonomously. Our redundant infrastructure has provided us with uptime of almost 100% since the wholly owned subsidiary Andersons Liquor Inc. began operations in 2001. Notwithstanding the lack of downtime, the system is designed so that any one liquor store experiencing any connectivity constraint will not affect any other liquor store in the enterprise.

Stable Business

Andersons operates in a stable business environment. The business is largely cash-based with alcohol-based products accounting for approximately 99% of total sales as of September 30, 2011.

Financing

The Company has financed its growth with the issuance of shares, the issuance of convertible debentures and through available credit facilities.

FINANCIAL MEASURES

Maintenance Capital Expenditures

In order to maintain its productive capacity, the Company incurs expenses for routine maintenance, invests and upgrades information systems and replaces assets as required.

Net Change in Non-cash Working Capital The Company has closely analyzed the product mix at all stores and modified available inventory at stores to meet the needs of the customers. This, along with our ability to integrate our ordering system with our suppliers, has resulted in minimal inventory requirements.

Long-Term Incentive Plans

The Company has used stock option grants with vesting periods for its Long-Term Incentive Plan. These grants were used as both an incentive and a reward for performance of key employees. In 2011, the Company implemented a share purchase plan for which employees are able to purchase shares of Rocky Mountain Liquor, and the Company will match 50% of those contributions.

MANAGEMENT TEAM

Peter Byrne, President, CEO	Mr. Byrne is the President, Chief Executive Officer and co-founder of Andersons and previously has been Chief Executive Officer and Chairman of the Board of Channel Drugs Limited, a private company that owned and operated the PharmaCare franchise until its sale in 2004.
Allison Byrne, COO	Ms. Byrne is the Chief Operating Officer of Andersons and prior to joining Andersons, she worked at Deloitte & Touche LLP from September 2002 until June 2007, receiving her Chartered Accountant designation in 2005.
Sarah Stelmack, CFO	Ms. Stelmack articled at Deloitte & Touche LLP from September 2005 until September 2008, receiving her Chartered Accountant designation in 2008. Ms. Stelmack previously held the position of Controller with Rocky Mountain Liquor Inc.

OPERATING RESULTS - 3 Months ending September 30, 2011

Basis of Comparison

The retail liquor industry is subject to seasonal variations with respect to sales. Sales are typically lowest early in the year and increase in the latter half.

It is key to note that given the rapid expansion of the Company, historical performance does not reflect the annualized performance from recently acquired liquor stores.

The following table shows the operating results of the Company for the 3-month period ending September 30, 2011and 2010.

Period	**3 months ending Sep 2011**		**3 months ending Sep 2010**	
(Expressed in Canadian dollars)	**$**	**%**	**$**	**%**
Sales	15,138,591	100.00%	13,547,456	100.00%
Gross margin	3,318,421	21.92%	2,879,115	21.25%
Operating and administrative expense	2,262,470	14.95%	2,089,914	15.43%
Operating Margin (1)	1,055,951	6.98%	789,201	5.83%
Non-recurring Items (1)	2,860	0.02%	5,808	0.04%
Operating Margin before non-Recurring Items (1)	1,058,811	7.00%	795,009	5.87%
Stores at Period End	39		32	

Notes:
(1) *Operating Margin and Operating Margin before non-recurring expenses has been calculated as described under "Non-IFRS Measures"*

Sales

Sales represent the combination of adult beverages including spirits, beer, and wine, with other ancillary products such as ice, juice, and mix.

Total sales for the 3-month period ended September 30, 2011 were $15.14 million. Sales are higher than Q3 2010, mainly due to acquisitions completed and a new store constructed in Cold Lake, Alberta.

Cost of Goods Sold and Gross Margin

Margins have improved from 21.25% to 21.92% as compared to this quarter last year for an increase of $439 thousand. This is a result of new forecasting technologies that reduces the need to take mark downs by matching available Limited Time Offers to consumer demand. Improvements in the economy are also expected to provide the Company with margin advancement opportunities.

Operating and Administrative Expenses

The major expenses included in operating and administrative expenses are salaries, rents, and location costs such as utilities, property taxes, and insurance. Total operating and administrative expenses for the 3 month period ended September 30, 2011 was $2.26 million. The decrease in operating and administrative expenses as a percentage of sales from 2010 to 2011 is partially due to a decrease in automotive expenses due to synergies with our supplier and synergies realized from administration streamlining and technology enhancements. This savings is somewhat offset by the increase in rent expense and utility costs due to the increased number of stores in operation.

Operating Margin

Operating margin was 6.98% or $1.06 million for the 3 months ending September 30, 2011 and 5.83% or $789 thousand September 30, 2010. The increase in dollar value is mainly due to an increase in revenue.

OPERATING RESULTS - 9 Months ending September 30, 2011

Basis of Comparison

The retail liquor industry is subject to seasonal variations with respect to sales. Sales are typically lowest early in the year and increase in the latter half.

It is key to note, that given the rapid expansion of the Company, historical performance does not reflect the annualized performance from recently acquired liquor stores.

The following table shows the operating results of the Company for the 9 month period ending September 30, 2011 and 2010.

Period	**9 months ending Sep 30 2011**		**9 months ending Sep 30 2010**	
(Expressed in Canadian dollars)	**$**	**%**	**$**	**%**
Sales	39,544,163	100.00%	34,801,263	100.00%
Gross margin	8,596,401	21.74%	7,394,350	21.25%
Operating and administrative expense	6,307,217	15.95%	5,393,356	15.50%
Operating Margin (1)	2,289,184	5.79%	2,000,994	5.75%
Non-recurring Items (1)	18,081	0.05%	5,808	0.02%
Operating Margin before non-Recurring Items (1)	2,307,265	5.84%	2,006,802	5.77%
Stores at Period End	39		32	

Notes:
(1) *Operating Margin and Operating Margin before non-recurring expenses has been calculated as described under "Non-IFRS Measures"*

Sales

Sales represent the combination of adult beverages including spirits, beer, and wine, with other ancillary products such as ice, juice, and mix.

Total sales for the 9 month period ended September 30, 2011have increased 13.63% to $39.54 million. Sales are higher than Q3 2010, mainly due to acquisitions completed and four newly constructed stores.

Cost of Goods Sold and Gross Margin

Margins have improved from 21.25% to 21.74% for the 9 months ending September 2011 of $1.20 million. This is a result of new forecasting technologies that reduce the need to take mark downs by matching available Limited Time Offers to consumer demand. Improvements in the economy are also expected to provide the Company with margin advancement opportunities.

Operating and Administrative Expenses

The major expenses included in operating and administrative expenses are salaries, rents, and location costs such as utilities, property taxes, and insurance. Total operating and administrative expenses for the 9 month period ended September 30, 2011 was $6.31 million. Operating and administrative expenses as a percentage of sales have increased to 15.95% for 2011, as compared to 15.50% for 2010 primarily as a result of increased advertising and campaigns for marketing greenfield grand openings, legal fees relating to the convertible debenture offering and the requirement under IFRS to expense legal fees with relation to acquisitions in 2011 instead of capitalizing. The increase is also attributed to an increase in rent and utilities as a result of the increased number of locations, while at the same time we have seen a savings in repairs and maintenance due to preventative maintenance.

Operating Margin

Operating margin was 5.79% or $2.29 million for the 9 months ending September 30, 2011 and 5.75% or $2.00 million September 30, 2010. The increase in dollar value is mainly due to an increase in revenue while the decrease in percentage is a result of increased operating and admin expenses.

CONDENSED QUARTERLY INFORMATION

Expressed in thousands of dollars								
	2011			2010				2009
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
	Sep 30	Jun 30	Mar 31	Dec 31	Sep 30	Jun 30	Mar 31	Dec 31
# stores, end of period	39	36	34	32	32	30	29	26
Total revenue	15,139	14,365	10,021	12,834	13,547	12,547	8,730	10,155
Profit (loss) from continuing operations	70	163	(146)	(115)	65	220	(61)	29
Basic earnings (loss) per share	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Diluted earnings (loss) per share	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

LIQUIDITY AND CAPITAL RESOURCES AS OF SEPTEMBER 30, 2011

Shareholders' Equity

Authorized: Unlimited number of common shares

Issued and outstanding: 57,797,788 common shares

Warrants

The following tables summarize information about warrants outstanding:

Expiry date	Exercise price $	Number of warrants outstanding – September 30, 2011	Number of warrants exercisable – September 30, 2011
November 24, 2014	0.3675	1,000,000	1,000,000
Outstanding, end of period		**1,000,000**	**1,000,000**

Options

The following tables summarize information about options outstanding:

Expiry Date	Participant	Exercise Price $	Number of Options Outstanding - September 30, 2011	Number of Options Exercisable - September 30,
April 21, 2013	Stock Option Plan (Pre-RTO)	0.20	357,137	357,137
May 15, 2012	Stock Option Plan (Executive)	0.29	150,000	150,000
June 2, 2013	Stock Option Plan (Executive)	0.50	180,000	180,000
June 29, 2012	Stock Option Plan (Directors)	0.32	300,000	300,000
August 24, 2013	Stock Option Plan (Directors)	0.30 to 0.39	300,000	300,000
Outstanding, September 30, 2011			**1,287,137**	**1,287,137**

Convertible Debenture

On June 16, 2009, the Company issued an $809,140 unsecured convertible debenture maturing on June 16, 2014 and bearing an interest rate of 8.25% per annum, payable in arrears annually. The initial principal amount of the debenture is convertible, at the election of the holder, in whole or in part, into common shares at a conversion ratio of $0.315 per share, representing up to 2,568,968 shares.

On April 13, 2011 the Company completed a financing of $9,200,000 in convertible unsecured subordinated debentures resulting in net proceeds $8,662,365. The Debentures will bear interest at an annual rate of 7.75% payable semi-annually in arrears on April 30 and October 31 in each year, commencing October 31, 2011. The maturity date of the Debentures is April 30, 2016. The Debentures will be convertible into common shares of the Company at a conversion price of $0.50 per Common Share.

Credit Facilities

On September 30, 2011 the Company had a $6 million Operating Line, $3 million in Sub-Debt Financing and a $19 million Acquisition Facility.

As of September 30, 2011, the Company had $4.4 million in cash on hand and had not drawn on its Operating Line. The $19 million Acquisition Facility was drawn at $4.5 million, and the $3 million in sub-debt drawn at its full amount.

With total credit of $28 million less net utilization of $7.5 million, the Company had access to $20.5 million under its Operating Line and Acquisition Facility. The Company has requested that its total senior bank facility of $25 million be decreased to $20 million to reduce commitment fees associated with these facilities. This will shrink commitment fees in Q4 and fiscal 2012.

On November 25, 2011 the Company will voluntarily pay off it Sub-Debt Financing in full. This will reduce interest expense in Q4 and fiscal 2012. In addition, quarterly fees of $15,000 for the remaining 12 quarterly periods to the maturity date of the Sub-Debt facility will also be saved.

One time make-whole fees are required to retire the Sub-Debt facility. A penalty plus the Net Present Value of all future fees for a total one time payment of $265,614 is required on November 25, 2011 to retire in full the Sub-Debt Facility. After payment of all fees the net savings between November 25, 2011 and September 15, 2014 will be $748,427.

If both the voluntary retirement of the Sub-Debt facility and the $5 million reduction of Senior Bank facilities occurs as expected the Company will have a $20 million facility divided between an Operating Line of Credit and an Acquisition Facility.

If both the voluntary retirement of the Sub-Debt facility and the $5 million reduction of Senior Bank facilities occurs as expected the Company will have access to $15.5 Million to execute its growth strategy.

The Company's indebtedness is subject to a number of external covenants. Under the terms of the Andersons credit facility, the following ratios are monitored: adjusted debt to EBITDA, and fixed coverage ratio. For the three and nine months ended September 30, 2011, Andersons continues to be in compliance with all covenants.

Capital Expenditures

The Company will continue to pursue acquisition opportunities and opportunities to open new stores. Moderate capital investments that reduce energy consumption, and capital investments primarily in technology that will improve efficiencies by reducing salary and administration expenses are also planned.

Liquidity Risk

The Company uses a variety of sources of capital to fund acquisitions, new store development and ongoing operations, including cash provided by operations, bank indebtedness, and issuance of new equity or debt instruments or a combination thereof. The decision to utilize a specific alternative is dependent upon capital market conditions and interest rate levels. The degree to which the Company is leveraged may impact its ability to obtain additional financing for working capital or to finance acquisitions.

To manage liquidity risk, the Company is proactive with its review of the capital structure. Management believes the Company currently has the resources to meet obligations as they come due. For purposes of calculating our covenant, rent expense was $1,214,558 for the 9 month period, and $436,288 for the 3 month period ending Sep 30, 2011. These are operating leases. The Company does not have any financing leases as defined by IFRS.

Credit Risk

The Company's financial assets that are exposed to credit risk consist primarily of cash and cash equivalents and accounts receivable.

The Company maintains its cash and cash equivalents with a major Canadian chartered bank and local Alberta credit unions.

The risk for accounts receivable is that a wholesale customer of Andersons might fail to meet its obligations under their credit terms. The Company, in its normal course of operations, is exposed to credit risk from its wholesale customers in Alberta whose purchases are expected to represent approximately15% of the Company's sales. Risk associated with respect to accounts receivable is mitigated by credit management policies. Historically, bad debts from these accounts have been immaterial. The Company is not subject to significant concentration of credit risk with respect to its customers; however, all trade receivables are due from organizations in the Alberta hospitality industries. $25,745 in bad debts have been recorded for the period ended September 30, 2011 representing 0.07% of the last nine months of revenue.

Interest Rate Risk

The Company manages its interest rate risk through credit facility negotiations and by identifying upcoming credit requirements based on strategic plans.

As a further part of their interest rate strategy, on April 6, 2010 Andersons contracted with a Canadian Chartered Bank to hedge interest rates for a 5-year period in the amount of $4.5 million at 3.35% plus applicable credit spread. This hedge matures April 6, 2015.

On April 13, 2011 the Company repaid $5.5 million in senior secured term debt. As a result the Company canceled the $5.5 million SWAP from February 12, 2009 resulting in a $14,700 gain.

We would note that in our financial statement reporting, our swap mark to market is measured on the basis of one month banker's acceptances. We are currently using three month banker's acceptances which could result in a non-material difference of our market to market valuations. For the $4.5 million remaining swap with our senior lender, any mark to market adjustment on a quarterly basis remains a non-cash impact to the Company unless the swap is not held to maturity.

As of November 24, 2011 Andersons has $4.5 million in hedges representing 22% of Andersons' available credit facilities.

OFF BALANCE SHEET ARRANGEMENTS

There were no off-balance sheet arrangements as at September 30, 2011.

CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of these interim consolidated financial statements, in conformity with IFRS, requires management to make judgments, estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. However, uncertainties about these assumptions and estimates could result I outcomes that would require a material adjustment to the carrying amount of the asset or liability affected in the future.

Estimates are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amount recognized in the consolidated statement of financial position are:

Inventory

Management has estimated the value of inventory based upon their assessment of the realizable amount less selling costs. No unsaleable merchandise has been identified by management.

Taxation

Provisions for taxes are made using the best estimate of the amount expected to be paid based on a qualitative assessment of all relevant factors. The Company reviews the adequacy of these provisions at the end of the reporting period. However, it is possible that at some future date an additional liability could result from audits by taxing authorities. Where the final outcome of these tax-related matters is different from the amounts that were initially recorded, such differences will affect the tax provisions in the period in which such determination is made.

Impairment of Goodwill

At each reporting date, the Company assesses whether there are any indicators of impairment for all non-financial assets. Other non-financial assets are tested for impairment if there are indicators that their carrying amounts may not be recoverable. An impairment review was performed on January 1, 2011. No impairment indicators existed at that date.

Useful lives of property, plant and equipment

Management has estimated the useful lives of property, plant and equipment as outlined in Note 2 based on their assessment of the time frame in which these assets will be used by the Company.

Business Combinations

The allocation of the purchase price for acquisitions involves determining the fair values assigned to the tangible and intangible assets acquired. Goodwill is calculated based on the purchase price less the fair value of the net tangible assets.

CHANGES IN ACCOUNTING POLICIES

Explanation of Transition to IFRS

The Q3, 2011 interim condensed consolidated financial statements are the Company's second interim consolidated financial statements to be presented in accordance with IFRS. As such, the Company's transition activities with respect to IFRS technical analysis, preparation of IFRS comparatives for 2010, transition training, and systems and controls reviews are now complete. The changes arising from the adoption of IFRS relate to accounting differences only.

Refer to note 3 of the Company's interim financial statements for a detailed discussion of the Company's compliance with IFRS.

Elections under IFRS 1, "First-time Adoption of IFRS Standards"

Business Combinations

The Company has made use of the exemption available under IFRS 1, business combinations, in which it elects to apply IFRS 3 prospectively to business combinations after the date of transition for which the initial carrying amount of assets and liabilities acquired in such business combinations is deemed to be equivalent to cost. The cost of goodwill arising on business combinations prior to Jan 1, 2010 is stated at the previous carrying amount under Canadian GAAP.

Deemed Cost

The Company elected under IFRS 1 to retain Canadian GAAP carrying values of freehold and leasehold property including revaluations as deemed cost at transition. The final election the Company made refers to borrowing costs. RML elects to capitalize its borrowing costs on the date of transition to IFRS and not retrospectively.

Leases

IFRS 1 permits a first-time adopter to determine whether an arrangement contains a lease in accordance with IFRIC 4, "Determining whether an Arrangement contains a Lease" ("IFRIC 4"), based on the facts and circumstances existing at the date of transition rather than at the date the arrangement was entered into. The Company has applied IFRIC 4 on a retrospective basis. There was no impact on the Company's financial position or results of operations as a result of applying IFRIC 4 retrospectively, as there were no such arrangements. The Company has only operating leases. There are no financing leases on any property.

Estimates

The estimates used under IFRS are consistent with those made, for the same dates, in accordance with previous GAAP, except where they were impacted by a difference in accounting policy.

ACCOUNTING STANDARDS ISSUED BUT NOT YET IN EFFECT

Financial Instruments – Disclosures

The IASB has issued an amendment to IFRS 7, "Financial Instruments: Disclosures" ("IFRS 7 amendment"), requiring incremental disclosures regarding transfers of financial assets. This amendment is effective for annual periods beginning on or after July 1, 2011. The Company will apply the amendment at the beginning of its 2012 financial year and does not expect the implementation to have a significant impact on the Company's disclosures.

Financial Instruments

The IASB has issued a new standard, IFRS 9, "Financial Instruments" ("IFRS 9"), which will ultimately replace IAS 39, "Financial Instruments: Recognition and Measurement" ("IAS 39"). The replacement of IAS 39 is a multi-phase project with the objective of improving and simplifying the reporting for financial instruments and the issuance of IFRS 9 is part of the first phase. The Company has yet to assess the impact of the new standard on its results of operations, financial position and disclosures.

Consolidated Financial Statements

The IASB has issued a new standard, IFRS 10, "Consolidated Financial Statements" ("IFRS 10"), which defines control for the purposes of determining which arrangements should be consolidated, including guidance on participating rights.

Fair Value Measurement

The IASB has issued a new standard, IFRS 13, "Fair Value Measurement" ("IFRS 3"), which sets out a single IFRS framework for measuring fair value, and establishes disclosure requirements for fair value measurements.

The above standards are effective for annual periods commencing on or after Jan 1, 2013, which earlier adoption permitted. The Company is currently evaluating the impact the new standards will have on its financial reporting.

FINANCIAL INSTRUMENTS

For the Company, fair value is equal to carrying value for all of its financial instruments.

For cash and cash equivalents, accounts receivables, due from related parties, bank indebtedness, short-term debt, promissory note, accounts payable and accrued liabilities, wages payable and due to (from) shareholders the carrying value approximates fair value due to the short-term nature of the instruments.

The interest rate swap has a fair value equivalent to the carrying value and is calculated on a mark to market basis.

The fair value of the convertible debenture is equivalent to its carrying value and is assessed at each period.

Bank indebtedness and long term debt have fair values which approximate their carrying value as the interest rate is at a variable market rate.

TRANSACTIONS AND BALANCES WITH RELATED PARTIES

The Company paid rents in respect to of a retail liquor store of $14,580 for the 9 month period ending September 2011 (September 2010 - $14,580) to Byrne Alberta, a privately held Company in which Peter J. Byrne, CEO of RML is a significant shareholder. The rent is at market value.

On January 28, 2011, the Company engaged in a related party transaction in which it obtained an assignment of a contract for software development from Channel Drugs Limited, an incorporated, privately held Company in which Peter J. Byrne, CEO of Rocky Mountain Liquor is a significant shareholder. Consideration paid was fair market value of $92,789, (2010 - $nil). The transaction was approved by the Board of Directors.

DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROLS OVER FINANCIAL REPORTING

The Company's disclosure controls and procedures are designed to provide reasonable assurance that information required to be disclosed by the Company is recorded, processed, summarized and reported within the time periods specified under Canadian securities laws and include controls and procedures designed to ensure that information is accumulated and communicated to management, including the Chief Executive Officer and the Chief Financial Officer, to allow timely decisions regarding required disclosure.

Disclosure Controls and Procedures

There have been no changes in the design of the Company`s disclosure controls and procedures or internal control over financial reporting that occurred during the nine months ended September 30, 2011 that have materially affected, or are a reasonably likely to materially affect the Company's disclosure controls and procedures or internal control over financial reporting.

a) The venture issuer is not required to certify the design and evaluation of the issuer's Disclosure Controls Procedures ("DC&P") and Internal Control over Financial Reporting ("ICFR") and has not completed such an evaluation; and

b) Inherent limitations on the ability of the certifying officers to design and implement on a cost effective basis DC&P and ICFR for the issuer may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

Internal Control Over Financial Reporting

On January 1, 2010 the Company adopted IFRS as its standard for financial reporting. The transition to IFRS did not result in any significant changes to the Company's internal controls over financial reporting.

RISK FACTORS

The Company's results of operations, business prospects, financial condition, and the trading price of the Shares are subject to a number of risks. These risk factors include: risks relating to available financing; impact due to weaker economy; market volatility and unpredictable share price; impact from tax increases; regulated competitive environment; acquisition growth strategy and development risks; reliance on key personnel; importance of inventory and EFC distribution systems; labour costs and labour market; supply interruption or delay; and credit facility and financial instrument covenants.

For a discussion of these risks and other risks associated with an investment in Shares, see "Risk Factors" detailed in the Company's Management Discussion and Analysis dated April 23, 2011, which is available at www.sedar.com.

NON-IFRS MEASURES

Operating margin for purposes of disclosure under "Operating Results" has been derived by subtracting Operating and Administrative expenses from Gross Margin. This calculation has changed since prior reporting on August 18, 2011 where Operating Margin included adjustments for other income, business development costs, and bad debt expense. Operating margin as a percentage of sales is calculated by dividing operating margin by sales.

Operating margin before non-recurring items has been derived by adding non-recurring items to operating margin. Non-recurring items include costs incurred and recoveries received by the Company that are not part of on-going operations and that are not expected to recur. Operating margin before non-recurring items as a percentage of sales is calculated by dividing operating margin before non-recurring items by sales.

Operating margin operating margin as a percentage of sales and operating margin before non-recurring items are calculated in tables under sections “Operating Results – 3 Months” and “Operating Results – 9 Months.”

EBITDA is defined as the net income of the Company plus the following: interest expense, provision for income taxes, depreciation, amortization, mark to market adjustments on financial instruments, non-cash items such as stock based compensation expense and issue costs of securities, deferred taxes, write down of goodwill, and other restructuring charges for store closures. EBITDA is also less any non-recurring extraordinary or one-time gains from any capital asset sales. This calculation has changed since prior reporting August 18, 2011 where EBITDA did not consider adjustments for mark-to-market items and non-cash items. Management believes that, in addition to income or loss, EBITDA is a useful supplemental measure of performance.

Period	**3 months ending Sep 2011**	**3 months ending Sep 2010**	**9 months ending Sep 2011**	**9 months ending Sep 2010**
(Expressed in CDN $)			**$**	**$**
Net income	70,289	66,385	87,982	224,531
Income tax	23,720	13,008	26,868	119,768
Interest	520,247	281,735	1,289,914	540,986
Amortization	270,429	197,071	723,448	539,311
Loss on Interest Rate swap	144,199	168,128	147,133	456,449
Stock based compensation	7,681	84,923	54,389	114,445
Issue costs of securities	37,999	-	70,547	-
EBITDA	1,074,564	811,250	2,400,281	1,995,490

Operating margin, operating margin as a percentage of sales, operating margin before non-recurring items, operating margin before non-recurring items as a percentage of sales and EBITDA are not measures recognized by IFRS and do not have a standardized meaning prescribed by IFRS. Investors are cautioned that operating margin, operating margin as a percentage of sales, and EBITDA should not replace net income or loss (as determined in accordance with IFRS) as an indicator of the Company's performance, of its cash flows from operating, investing and financing activities or as a measure of its liquidity and cash flows. The Company's method of calculating operating margin, operating margin as a percentage of sales, and EBITDA may differ from the methods used by other issuers. Therefore, the Company's operating margin, operating margin as a percentage of sales, and EBITDA may not be comparable to similar measures presented by other issuers.