

PRESS RELEASE
REDISHRED CAPITAL CORP.
Mississauga, Ontario
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REDISHRED CAPITAL CORP. ANNOUNCES THIRD QUARTER 2012 RESULTS AND NEW STOCK OPTION GRANTS

Third Quarter Highlights:

- Total system sales⁽¹⁾ in our **PROSHRED®** system were \$3.73 million *USD* in the third quarter of 2012:
 - Scheduled (recurring) system sales reached a record of \$1.89 million *USD*, growing 9% over the third quarter of 2011.
 - Unscheduled system sales were \$1 million *USD*, growing 21% over the same quarter in 2011.
 - Total service related system sales were \$2.9 million *USD*, growing 13% over the 3rd quarter of 2011.
 - The volume of paper recycled by the system increased by 4% over the same period in 2011 with a total of 5,700 tonnes of paper shredded and recycled.
 - Recycling system sales declined 41% over the third quarter of 2011 as a result of the significant decrease in the commodity price of recycled paper over last year.
- Royalty revenue for the third quarter of 2012 was \$203,000 *CDN*. Royalty and service revenues are generated by franchises of the **PROSHRED®** franchise system and are originally denominated in US dollars.
- On July 13, 2012, the Company purchased the assets of Sunshine State Shredding LLC, from an existing **PROSHRED®** franchisee in Miami. In conjunction with the purchase of the business, the exiting franchisee withdrew from the legal complaint filed against the Company in June 2010. The Company recognized \$167,580 in recovered bad debt in conjunction with the acquisition offset by a \$135,110 loss on settlement of the pre-existing relationship.
- On August 13th, 2012, the Company entered into an agreement with a new franchisee to operate a **PROSHRED®** shredding business in Houston, TX. The new franchisee commenced operations in the fourth quarter of 2012. The Company recognized US\$140,000 in franchise fees in the third quarter of 2012.
- Redishred's four corporate locations in Syracuse, Albany, Milwaukee, and New York City achieved \$729,000 *CDN* in revenues during the three months ended September 30, 2012. The Company's corporate locations also generated \$118,570 *CDN* in earnings before interest, taxes, depreciation and amortization ("EBITDA") during the third quarter of 2012.
- Subsequent to the third quarter of 2012, the Company entered into an agreement with a new franchisee to operate a **PROSHRED®** shredding business in Richmond, Virginia. Redishred expects its new franchisee to commence operations in the first quarter of 2013.

(1) System sales are revenues generated from franchisees, licensees and corporate owned locations. Redishred Capital Corp. derives its royalty and service fee revenues based on a percentage of system sales from franchisees and licensees. Redishred Capital Corp. derives revenues from corporate location system sales.

Financial Highlights:

For the three months ended,	September 30, 2012	September 30, 2011
	\$	\$
System sales (USD)	3,738,939	3,978,639
Franchise operations:		
Franchise and license fee revenues	140,033	-
Royalty and service fee revenues	203,609	243,535
Total franchise and license revenue	343,642	243,535
Corporate operations:		
Service and recycling revenue	729,645	513,780
Operating costs	(611,075)	(288,551)
EBITDA from corporate locations	118,570	225,229
Operating income (loss)	(206,446)	(359,514)
Operating income (loss)– excluding one-time costs	(144,223)	(43,973)
Net income (loss)⁽¹⁾	(591,396)	(309,946)
Net income (loss) – excluding one-time costs⁽¹⁾	(561,643)	5,595
Income (loss) per share	(0.02)	(0.01)

(1) Net loss includes amortization of intangible assets of \$206,117 (September 30, 2011 - \$48,542), which increased over the same quarter in 2011 due to the reversals of previously recorded impairment related to the adoption of IFRS and due to the acquisition of the New York City intangible assets as part of the purchase of the business.

For the nine months ended,	September 30, 2012	September 30, 2011
	\$	\$
System sales (USD)	11,144,470	11,462,051
Franchise operations:		
Franchise and license fee revenues	233,883	62,015
Royalty and service fee revenues	613,157	705,159
Total franchise and license revenue	847,040	767,174
Corporate operations:		
Service and recycling revenue	2,293,128	1,528,612
Operating costs	(1,818,780)	(913,370)
EBITDA from corporate locations	474,348	615,242
Operating loss	(697,646)	(612,804)
Operating loss – excluding one-time costs	(488,370)	(164,974)
Net loss⁽¹⁾	(1,833,249)	(880,435)
Net loss – excluding one-time costs⁽¹⁾	(1,304,379)	(564,894)
Loss per share	(0.06)	(0.03)
Weighted average number of common shares	28,884,658	28,884,658

(1) Net loss includes amortization of intangible assets of \$608,862 (September 30, 2011 - \$197,665), which increased over the same quarter in 2011 due to the reversals of previously recorded impairment related to the adoption of IFRS and due to the acquisition of the New York City intangible assets as part of the purchase of the business. Net loss also includes a loss of \$487,175 related to the settlement of a pre-existing relationship as part of the New York City and Miami acquisitions and one-time costs related to the franchisee litigation. The Company also recognized \$167,580 in recovery of bad debt related to the Miami acquisition.

Management's Comments on the Industry

The North American shredding industry has continued to grow, as there is continued and increasing awareness with respect to the following demand drivers:

- regulatory requirements and enforcement continue to be increased with respect to document destruction, including the federally enacted Health Information Technology for Economic and Clinical Health Act;
- an increasing need to destroy and recycle other media such as hard-drives;
- corporate initiatives to outsource “non-core” business services; and
- consumers and businesses have heightened awareness of their responsibility towards the environment.

Given these strong fundamentals, the company continues to be optimistic about its short, intermediate and long-term development plans. These factors have helped the Company drive shredding service system sales and revenues.

Recycling system sales are driven by the quantity of paper shred and by the price of paper per ton, which is driven by both domestic and global markets for this commodity. For the nine months ended September 30, 2012, paper prices were 42% lower than the same period in 2011 in the system, due to overall weak demand for paper and other natural resources both domestically in the United States and globally.

Management's Comments on the Third Quarter of 2012

Jeffrey Hasham, the Company's CEO, had the following comments on the third quarter results, “The third quarter was a mixed quarter for the Company. We are happy to report that service system sales continue to climb over prior years, which is a testament to our customer service focus and our continued investment in new sales and marketing programs. We also awarded one new franchise, for the Houston, Texas market, which brings Proshred's service offering to the 4th largest city in the United States. Our Corporate locations, in particular our newly acquired New York City location, continued to struggle with service truck failures, which negatively impacted sales and cash flows generated. To resolve this issue, we purchased two new service trucks, which have significantly reduced downtime and repair costs in the fourth quarter. Additionally, one of the purchased trucks can shred paper to department of defense specifications, which will allow us to offer this premium option to our clients. With the new equipment in place, we are excited about the future in New York City.”

System Sales

Redishred's management team continued to focus its efforts through its franchisees and its corporate locations on (1) building recurring service revenues, (2) maximizing route density and logistical efficiencies and (3) implementing dedicated hard drive destruction trucks throughout the system. The strong service system sales results are driven by Redishred's sales and marketing programs that are aimed at educating clients on the legislative requirements to destroy confidential information using a secure on-site solution. Additionally, a larger number of clients are requiring their facilities to recycle all products, including office paper and, by using our service, clients are assured that documents are securely destroyed and the materials are recycled. Proshred also offers hard drive destruction services in almost all of its locations, and has been deploying high speed on site hard drive destruction trucks. Currently three locations have deployed the high speed on-site hard drive destruction trucks.

These factors led to strong growth in scheduled and unscheduled sales in the third quarter of 2012 of 9% and 21% over the same period in 2011, respectively. Collectively service related system sales grew 13% over the third quarter of 2011.

Recycling system sales declined by 41% for the three months ended September 30, 2012 in comparison to the comparative 2011 period. This was the result of the decrease in paper prices attained by the system of 42% offset by an increase of 4% in the volume of paper shredded and recycled. During the three months ended September 30, 2012, the system recycled 5,600 tons of paper.

Franchise and license development

On August 13, 2012, the Company entered into an agreement with a new franchisee to operate a **PROSHRED®** shredding business in Houston, Texas, which comprises 5.7 territories. The franchise fee associated with this new franchise of US\$140,000 was recognized in the third quarter of 2012. The new franchise commenced operations in the fourth quarter of 2012.

Subsequent to the third quarter of 2012, the Company entered into an agreement with a new franchisee to operate a **PROSHRED®** shredding business in Richmond, Virginia. Redishred expects its new franchisee to commence operations in the first quarter of 2013.

Acquisitions and Corporate Operations

On July 13, 2012, the Company completed the acquisition of the assets of Sunshine State Shredding LLC, from an existing Proshred franchisee in Miami for an aggregate purchase price of \$405,000 USD. The Company satisfied the purchase price in part by setting off accounts and notes receivable owed by the vendor and an additional \$15,000 USD of the purchase price is subject to earn-out. The Company funded the \$120,000 USD balance of the purchase price by drawing from its line of credit facility. In conjunction with the purchase of the business, the exiting franchisee withdrew from the legal complaint filed against the Company in June 2010. The Miami business is currently operated by one of the Company's franchise locations. The Company earns royalty revenue and rental revenue from the franchise location currently operating the Miami business.

In the third quarter of 2012, the Company operated four shredding locations in Syracuse, NY, Albany, NY, Milwaukee, WI and New York City, NY, which generated the following results in the three and nine months ended September 30, 2012. Operating costs increased over the same periods in the prior year as a result of higher truck repair and maintenance costs in New York City, which led to increased costs of operation as well as increased downtime. The New York City location incurred \$37,381 in truck repair and maintenance costs during the three months ended September 30, 2012 and \$81,700 during the nine months ended September 30, 2012. During the third quarter, the Company replaced two of its existing shredding vehicles with new shredding equipment with a view to minimize service disruptions and repair costs. The Company continues to assess its truck fleet to ensure that customer service levels are maintained at high levels, and operational efficiencies are maximized. The corporate operations also experienced a 43% decline in recycling revenue as a result of the decline in paper prices. For the nine months ended September 30, 2012 this resulted in a decrease of \$199,696 in recycling revenue for the three corporate locations that were in operation in both 2011 and 2012.

All Corporate Locations:

	3 months ended September 30				9 months ended September 30			
	2012	% of revenue	2011 ¹	% of revenue	2012	% of revenue	2011 ¹	% of revenue
	\$		\$		\$		\$	
Revenue:								
Shredding service	584,741	80%	342,179	67%	1,844,795	80%	1,069,779	70%
Recycling	144,904	20%	171,601	33%	448,333	20%	458,833	30%
Total revenue	729,645	100%	513,780	100%	2,293,128	100%	1,528,612	100%
Operating costs	611,075	85%	288,551	56%	1,818,780	80%	913,370	60%
EBITDA	118,570	15%	225,229	44%	474,348	20%	615,242	40%
Depreciation – tangible assets	67,667	9%	32,507	6%	191,968	8%	96,265	6%
Interest expense	151,488	21%	70,322	14%	430,054	19%	208,675	14%
Corporate operating income	(100,585)	(15)%	122,400	24%	(147,674)	(7)%	310,302	20%

¹ The results for the three and nine months ended September 30, 2011 include the corporate operations of Syracuse, Albany and Milwaukee.

Same Store Corporate Locations:

Same store corporate operational results are indicators of performance of corporate stores that have been in the system for equivalent periods in 2012 and 2011. Same store corporate results include the operations of Syracuse, Albany and Milwaukee. For the three and nine months ended September 30, 2012, recycling revenues decreased by 46% and 39% respectively as a result of the significant decline in paper prices. This led to the decline in EBITDA and operating income for both periods.

	3 months ended September 30				9 months ended September 30			
	2012	% of revenue	2011	% of revenue	2012	% of revenue	2011	% of revenue
	\$		\$		\$		\$	
Revenue:								
Shredding service	342,587	79%	342,179	67%	1,077,412	79%	1,069,779	70%
Recycling	92,656	21%	171,601	33%	280,822	21%	458,833	30%
Total revenue	435,243	100%	513,780	100%	1,358,234	100%	1,528,612	100%
Operating costs	282,249	65%	288,551	56%	916,372	67%	913,370	60%
EBITDA	152,994	35%	225,229	44%	441,862	33%	615,242	40%
Depreciation – tangible assets	40,067	9%	32,507	6%	108,627	8%	96,265	6%
Interest expense	69,678	16%	70,322	14%	222,751	16%	208,675	14%
Corporate operating income	43,249	10%	122,400	24%	110,484	8%	310,302	20%

Community and Social Commitment

Our locations under the **PROSHRED®** banner conducted 145 community shredding events up to September 30th, 2012. These events provide an opportunity for our clients, clients' employees, local businesses and local residents to ensure their personal and confidential materials are securely destroyed. In addition to helping to reduce identity theft, several of these events allow for donations to various not-for-profit organizations. 100% of the shredded material is recycled, as our continued goal is to foster the use of fewer trees in the production of all paper products. Future community shredding event locations can be found at our website, www.proshred.com. During the nine months ended September 30, 2012, the **PROSHRED®** system, through its recycling program, saved 268,000 trees, up by 9% over the same period in 2011.

Stock Option Issuance

The Company has granted options to certain Directors of the Company to purchase an aggregate of 975,000 common shares as set forth below. The granting of new stock options follows the expiry of their original Stock Option Agreements dated August 29, 2007. The new stock option grants are on substantially the same terms as those that have expired. The options were granted effective November 23, 2012 at an exercise price of \$0.20, with 100% of the options vesting upon execution, and with a term of five years.

Financial Statements

Redishred's September 30th, 2012 Financial Statements, Notes and Management's Discussion and Analysis will be available at www.sedar.com and www.redishred.com.

Services

Redishred Capital Corp. is the owner of the **PROSHRED**® trademarks and intellectual property in the United States. **PROSHRED**® shreds and recycles confidential documents and proprietary materials for thousands of customers in the United States in all industry sectors. **PROSHRED**® is a pioneer in the mobile document destruction and recycling industry and has the ISO 9001:2008 certification. It is **PROSHRED**®'s vision to be the 'system of choice' and provide shredding and recycling services on a global basis. Redishred Capital Corp. grants **PROSHRED**® franchise businesses in the United States and by way of license arrangement in the Middle East. Redishred Capital Corp. also operates four corporate shredding businesses directly. The Company's plan is to grow its business by way of both franchising and the acquisition and operation of document destruction businesses that generate stable and recurring cash flow through a scheduled client base, continuous paper recycling and concurrent unscheduled shredding service.

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This news release contains forward looking statements that reflect the current expectations of management of Redishred and Redishred's future results, performance, achievements, prospects and opportunities. Wherever possible, words such as "may", "will", "estimate", "believe", "expect", "intend" and similar expressions have been used to identify these forward looking statements. These statements reflect current beliefs and are based on information currently available to management of Redishred. Forward looking statements necessarily involve known and unknown risks and uncertainties. A number of factors, including those discussed in the 2011 and 2012 management discussion and analysis under "Risk Factors", could cause actual results, performance, achievements, prospects or opportunities to differ materially from the results discussed or implied in the forward looking statements. These factors should be considered carefully and a reader should not place undue reliance on the forward looking statements. There can be no assurance that the expectations of management of Redishred will prove to be correct.

In particular, certain statements in this document discuss Redishred's anticipated outlook of future events. These statements include, but are not limited to:

- (i) the short, intermediate and long-term development plans which may be impacted by negative economic circumstances and industry growth levels,*
- (ii) the commencement of new franchise operations which may be delayed by the inability of the franchisee to comply with the franchise agreement terms and conditions post execution; and*
- (iii) the anticipated reduction in downtime related to the purchase of two new shredding trucks may be impacted by unforeseen mechanical issues related to the two new trucks.*

Readers are cautioned that such forward looking statements are subject to certain risks and uncertainties that could cause actual results to differ materially from these statements. Redishred can give no assurance that actual results will be consistent with these forward-looking statements.