For Immediate Release

BIG ROCK BREWERY INC. ANNOUNCES FIRST QUARTER FINANCIAL RESULTS

May 12, 2014 Calgary, Alberta—Big Rock Brewery Inc. (TSX: BR) ("Big Rock" or the "Corporation") announced its financial results today for the quarter ended March 31, 2014.

Financial and Operating Highlights

- A net loss of $310 thousand for the quarter ended March 31, 2014 was incurred as compared to net income of $92 thousand in the quarter ended March 31, 2013;
- Reported sales volumes decreased 19.0% to 34,100 hectolitres ("hl") for the first quarter of 2014 as compared to 42,098 hl for the first quarter of 2013;
- Overall sales volumes were negatively impacted by aggressive and growing competition in the Alberta beer market, reduced promotional pricing activity, discontinuance or delay of certain package configurations and poor spring weather;
- Volume growth occurred in premium-priced brands, including Fowl Mouth ESB—Big Rock's best-selling Brewmaster's Edition beer to date;
- The Corporation released four new limited edition beers in the first quarter and expects to release 25 additional limited edition products during the remainder of 2014;
- New products and initiatives introduced subsequent to the first quarter are expected to provide incremental sales volumes with partial benefit in the second quarter and full benefit in the third quarter; and
- Big Rock's new brewery in British Columbia is under construction, with expected production and sales in the third quarter of 2014.

Financial and Operating Highlights Table

	Three months ended March 31	
$ thousands (unless otherwise stated)	2014	2013
Sales volumes (hectolitres or hl)	34,100	42,098
Net revenue	7,147	9,004
Operating profit (loss)	(420)	129
Net income (loss)	(310)	92
Income (loss) per share (basic and diluted)	$ (0.05)	$ 0.02

Additional Information

The Financial Statements and Management Discussion and Analysis dated May 12, 2014 can be viewed on Big Rock's website at http://bigrockbeer.com/sites/default/files/2014q1.pdf and on SEDAR at sedar.com under Big Rock Brewery Inc.

Forward-Looking Information

Certain statements contained in this news release constitute forward-looking statements. These statements relate to future events or Big Rock's future performance. All statements, other than statements of historical fact, may be forward-looking statements. Forward-looking statements are often, but not always, identified by the use of words such as "plans", "expects", "intends" and similar expressions. These 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 statements. Big Rock believes that the expectations reflected in those forward-looking statements are reasonable but no assurance can be given that these expectations will prove to be correct and such forward-looking statements included in this News Release not be unduly relied upon by investors as actual results may vary materially from such forward-looking statements. These statements speak only as of the date of this News Release and are expressly qualified, in their entirety, by this cautionary statement.

In particular, this News Release contains forward-looking statements pertaining to the following:

- the number of additional limited edition products to be released;
- the expectation that the new brewery in British Columbia will be operational within the third quarter; and
- the timing of new products and initiatives and the extent to which they will provide incremental sales volumes.

With respect to the forward-looking statements listed above and contained in this News Release, management has made assumptions regarding, among other things:

- Big Rock will be able to secure all required regulatory approvals to construct the new British Columbia facility and to market the products produced at such facility; and
- New products and services introduced will result in incremental sales volumes.

Some of the risks which could affect future results and could cause results to differ materially from those expressed in the forward-looking information and statements contained herein include, but are not limited to:

- the inability to secure the requisite regulatory approvals to market the full production of the new facility in British Columbia within the timeframe indicated; and
- the inability to secure and complete construction services for the new facility within the timeframe indicated;

Readers are cautioned that the foregoing list of assumptions and risk factors is not exhaustive. The forward-looking information and statements contained herein are expressly qualified in their entirety by this cautionary statement. The forward-looking information and statements included in this News

Release are made as of the date hereof and Big Rock does not undertake any obligation to publicly update such forward-looking information and statements to reflect new information, subsequent events or otherwise unless so required by applicable securities laws.

About Big Rock Brewery Inc.

Big Rock Brewery Inc.—produces premium, all-natural craft beers. Big Rock boasts a family of exceptional ales and lagers, Rock Creek Cider®, an ongoing selection of seasonal beers released through the Brewmaster's Limited Edition and cutting-edge, small-batch brews released through the Alchemist Edition.

For more information on Big Rock Brewery visit bigrockbeer.com

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BIG ROCK BREWERY INC.

QUARTERLY REPORT

FIRST QUARTER 2014 HIGHLIGHTS

	Three months ended March 31	
$ thousands (unless otherwise stated)	2014	2013
Sales volumes (hectolitres or hl)	34,100	42,098
Net revenue	7,147	9,004
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Income (loss) per share (basic and diluted)	$ (0.05)	$ 0.02

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following is Management's Discussion and Analysis ("MD&A") of the financial condition and results of operations of Big Rock Brewery Inc. (the "Corporation" or "Big Rock") for the three months ended March 31, 2014, as compared to the same period in 2013.

This MD&A should be read in conjunction with the unaudited consolidated financial statements of the Corporation and accompanying notes as at and for the three months ended March 31, 2014 (the "Financial Statements") and in conjunction with the December 30, 2013 audited consolidated financial statements and MD&A contained within our 2013 Annual Report. The financial statements have been prepared using International Financial Reporting Standards ("IFRS"). All amounts are reported in thousands of Canadian dollars and comparative figures have been restated using IFRS, unless otherwise noted.

Readers should also read the "Forward-Looking Statements" contained at the end of this document.

The MD&A is dated May 12, 2014.

CORPORATE PROFILE

Big Rock Brewery—headquartered in Calgary, Alberta—produces premium, all-natural craft beers. As Canada's leading craft brewer, Big Rock boasts a family of eight ales and lagers, Rock Creek dry apple cider, as well as an ongoing selection of seasonal beers.

Big Rock stands out as a Canadian producer, marketer, and distributor of premium quality specialty craft beers. The Corporation has sales and distribution facilities in Calgary and Edmonton, sales staff resident in Alberta, British Columbia, Saskatchewan, Manitoba and an agency arrangement for product sales in Ontario and the Atlantic Provinces. Big Rock products are sold in six provinces and two territories in Canada and also exported to Korea.

INDUSTRY TRENDS AND INDICATORS

The beer industry in Canada has become increasingly polarized, with growth occurring in value-priced products at one end of the spectrum and in premium craft beers at the other end. This growth is largely at the expense of products in the middle of the spectrum, which have been declining steadily over the past several years. Additionally, there is significantly more competitive activity in Alberta than in other Canadian markets, as represented by faster growth in the number of products listed in Alberta than the growth in sales volumes. In other major craft beer markets, such as British Columbia and Ontario, volume growth in craft beer has outpaced growth in product listings. Big Rock's principal market is Alberta and so the Corporation has been disproportionately affected by the industry trends in Alberta. Big Rock's shift in emphasis from volume growth to a focus on maximization of cashflow and operating profit has meant a deliberate reduction in volumes as promotional pricing activities were scaled back. The combined impact of these factors has resulted in a decline in Big Rock's sales volumes of 19.0% for the three months ended March 31, 2014.

SELECTED QUARTERLY FINANCIAL INFORMATION

The following is a summary of selected financial information of the Corporation for the last eight completed quarters:

	2014	2013				2012		
$ thousands (unless otherwise stated)	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Sales volumes (hl)	34,100	39,328	52,110	51,266	42,098	46,188	62,276	61,615
Net revenue	7,147	9,096	11,852	11,635	9,004	10,239	13,281	12,935
Operating profit (loss)	(420)	(243)	1,590	1,806	129	832	2,395	2,311
Net income (loss)	(310)	(127)	1,217	1,369	92	595	1,749	1,683
Income (loss) per share (basic and diluted)	$ (0.05)	$ (0.02)	$0.20	$ 0.22	$ 0.02	$0.10	$ 0.28	$ 0.28
Dividends per share	$ 0.20	$ 0.20	$0.20	$ 0.20	$ 0.20	$0.20	$ 0.20	$ 0.20

Big Rock experiences seasonal fluctuations in volumes, net sales revenue and net income with the second and third quarters typically being the highest and the first and fourth being the lowest. These seasonal variations are dependent on numerous factors, including weather, timing of community events, consumer behaviour, customer activity and overall industry dynamics, specifically in western Canada. The selected quarterly information is consistent with these expectations and industry trends.

RESULTS OF OPERATIONS

While sales volumes decreased 19.0% for the three months ended March 31, 2014 as compared to the same period last year, Big Rock's net revenue for the three months ended March 31, 2014 decreased 20.6% to $7,147 compared to $9,004 in 2013. The decrease in net revenue is a result of reduced volumes combined with higher excise tax per hl in 2014 due to timing.

For the three months ended March 31, 2014, operating losses totalled $420 compared to an operating profit of $129 for the same period last year. The decrease in operating profits was primarily due to reduced volumes.

Gross Profit

$ thousands (unless otherwise stated)	Three months ended March 31 2014	2013	Change
Net sales revenue	7,147	9,004	(1,857)
Cost of sales:			
Ingredients and packaging materials	1,841	2,065	(224)
Labour	1,175	1,177	(2)
Overhead	718	651	67
Inventory movement	(611)	(318)	(293)
Depreciation	444	624	(180)
Cost of sales	3,567	4,199	(632)
Gross profit	3,580	4,805	(1,225)
Sales volumes (hl)	34,100	42,098	(7,998)

Net sales revenues include product sales for beer and cider. For the three months ended March 31, 2014, net sales revenue decreased $1,857 (20.6%) compared to the same period of 2013. The decrease was primarily attributable to lower sales volumes, which decreased 19.0% to 34,100 hl from 42,098 hl and higher per hl excise charges. The volume decrease was a result of several factors: less extensive promotional pricing activity, reduced availability of cider and mixed packs in the quarter as a result of the proprietary bottle changeover, non-renewal of an unprofitable private label contract which expired at the end of 2013, discontinuance of certain package configurations and the impact on certain beers in the "core" category as a result of aggressive and growing competition in the Alberta market. Volume growth occurred in premium-priced signature brands.

Management believes that a strategic focus on geographical regions that offer maximal growth and profit potential, together with continued product innovation and concomitant premium pricing to be key elements of Big Rock's future profit growth strategy.

Geographically, Alberta and British Columbia continued to represent the largest shares of the Corporation's sales, consistent with management's focus on the western provinces.

For the three months ended March 31, 2014, total cost of sales decreased by $632 compared to the same period last year, as described below:

- For the quarter ended March 31, 2014, costs relating to ingredients and packaging materials decreased $224 due primarily to lower production volumes.

- Big Rock's labour costs relating to production are primarily fixed in nature. When compared to the same period in 2013, labour charges for the first quarter of 2014 remained consistent.

- Overhead costs include utilities, repairs and maintenance and other production related amounts, which are primarily fixed in nature. Overhead costs at March 31, 2014 increased by $67 compared to the three months ended March 31, 2013, due primarily to higher utility charges.

- Inventory movement is a timing difference relating to the absorption of production costs into finished goods inventory on the statement of financial position, and the eventual charge to income for those costs as finished goods inventory is sold. For the three months ended March 31, 2014, charges relating to inventory movement decreased by $293 compared with the same period last year.

- Big Rock includes depreciation charges on production equipment used to convert raw materials to finished goods as part of its cost of sales and finished goods inventory. The primary drivers of changes in depreciation were the disposition of all industry standard bottles in December 2013 and inventory movement in the period.

On a per hectolitre basis, cost of sales increased by $4.86 per hl (4.9%) for the three months ended March 31, 2014 compared to the same period in 2013. The effect of lower volumes caused increases in per hl amounts for primarily fixed costs such as overheads and labour costs. Ingredients and packaging materials also increased due to costs associated with the adoption of Big Rock's new proprietary-mould bottle. These increases were partially offset by inventory movement and reduced depreciation, as detailed in the following table:

Per hectolitre cost of sales

	Three months ended March 31		
	2014	2013	Change
Net sales revenue	209.59	213.88	(4.29)
Cost of sales:			
Ingredients and packaging materials	53.98	49.05	4.93
Labour	34.46	27.96	6.50
Overhead	21.06	15.46	5.60
Inventory movement	(17.92)	(7.55)	(10.37)
Depreciation	13.02	14.82	(1.80)
Cost of sales	104.60	99.74	4.86

Selling expenses

	Three months ended March 31		
$ thousands (unless otherwise stated)	2014	2013	Change
Selling:			
Delivery and distribution costs	653	750	(97)
Salaries and benefits	806	1,289	(483)
Marketing	323	189	134
Regional sales	806	1,002	(196)
Community sponsorship and other	116	113	3
Total selling expenses	2,704	3,343	(639)

For the three months ended March 31, 2014, selling expenses decreased by $639 compared with the same period last year, as detailed below:

- Delivery and distribution costs decreased primarily as a result of lower volumes delivered in the quarter compared to the same period last year.

- Salaries and benefit costs decreased by $483 for the first quarter due primarily to reduced severance costs as well as lower headcount and bonus accruals when compared to the same period last year.

- Marketing costs increased by $134 primarily as a result of higher consulting costs relating to website redesign.

- Regional sales expenses decreased by $196 due mainly to reduced spending on sales programs. This was partially offset by higher tastings expenditures as a result of increased focus on consumer trial.

On a per hectolitre basis, selling expenses decreased by $0.11 per hl (0.1%) for the three months ended March 31, 2014, when compared to the same period in 2013, mainly as a result of a decrease in salaries and benefits offset by increases in marketing and a slight increase in delivery and distribution, as detailed in the following table:

Per hectolitre selling expenses

	Three months ended March 31		
	2014	2013	Change
Selling:			
Delivery and distribution	19.15	17.82	1.33
Salaries and benefits	23.64	30.62	(6.98)
Marketing	9.47	4.49	4.98
Regional sales	23.64	23.80	(0.16)
Community sponsorship and other	3.40	2.68	0.72
Total selling expenses	79.30	79.41	(0.11)

General and Administrative expenses

	Three months ended March 31		
$ thousands (unless otherwise stated)	2014	2013	Change
General and Administrative:			
Salaries and benefits	716	769	(53)
Professional fees	185	185	—
Building maintenance and taxes	118	116	2
Office, administrative and other	122	92	30
Reporting and filing fees	23	48	(25)
Insurance	53	52	1
Bank charges	15	6	9
Total general and administrative expenses	1,232	1,268	(36)

For the three months ended March 31, 2014, general and administrative expenses decreased by $36 compared with the same period last year as detailed below:

- Salaries and benefit costs decreased by $53 for the three months ended March 31, 2014 as compared to the same period in 2013 due to a lower bonus accrual and reduced employee relations expenses.

- Office, administration and other increased $30 due to higher IT and office supply expenses.

- Reporting and filing fees for the three months ended March 31, 2014 were lower than in the first quarter of 2013, due to timing of TSX filing fees.

Finance costs

	Three months ended March 31		
$ thousands (unless otherwise stated)	2014	2013	Change
Interest on long-term debt	8	20	(12)
Interest on operating facility	(1)	(13)	12
Total finance costs	7	7	—
Weighted average effective interest rate	4.00%	4.22%	

The principal amount of long-term debt was $2,595 as at March 31, 2014 compared to $1,808 as at March 31, 2013. The interest rates applicable to all loans and borrowings are based on the lender's prime rate. The decrease in interest expense for the three months ended March 31, 2014 compared to the same period last year is due to the debt being outstanding for a shorter period in 2014 than in 2013.

Depreciation and amortization

$ thousands (unless otherwise stated)	Three months ended March 31 2014	2013	Change
Depreciation included in cost of sales	444	624	(180)
Depreciation—other	58	59	(1)
Amortization	6	6	—
Total	508	689	(181)

For the three months ended March 31, 2014, depreciation expense included in cost of sales decreased by $180 compared with the same period last year due to the accelerated depreciation and subsequent disposal of industry standard bottles, together with associated packaging equipment, in favour of a proprietary-mould bottle introduced in December 2013. New proprietary-mould bottles are inventoried and expensed through cost of sales as consumed. Amortization expense, which relates to intangible assets, which include software, naming rights and website costs, remained consistent with the same period of last year. Other depreciation, which relates to non-production assets, also remained fairly consistent with the prior period.

Other

$ thousands (unless otherwise stated)	Three months ended March 31 2014	2013	Change
Other income	77	66	11
Other expenses	28	20	8

Other income includes restaurant royalties, miscellaneous income (primarily from the sale of spent grains and rental of yard space), gains or losses on asset disposals and net revenues from tours, hospitality, and the dry goods store.

Income taxes

$ thousands (unless otherwise stated)	Three months ended March 31 2014	2013	Change
Current income tax expense	23	110	(87)
Deferred income tax recovery	(91)	(34)	(57)

A current income tax expense of $23 was recorded for the three months ended March 31, 2014 (2013 – $110). These taxes arise from the transitional provisions on the taxation of partnership deferral structures.

During the three months ended March 31, 2014, the Corporation recorded deferred income tax recovery of $91, compared to a recovery of $34 for the same period last year.

The deferred income tax provision differs from the statutory rate of 25.19% (2013 – 25.10%) due to permanent differences between the carrying amounts of assets and liabilities for accounting purposes and the amounts used for income tax purpose, as well as the effect of non-deductible amounts.

FINANCIAL CONDITION

The following chart highlights significant changes in the Consolidated Balance Sheets from December 30, 2013 to March 31, 2014:

$ thousands (unless otherwise stated)	Increase/ (Decrease)	Primary factors explaining change
Property, plant and equipment	(443)	Depreciation charge, net of asset additions
Intangible assets	4	Additions, net of amortization charge
Inventories	1,146	Increase in brews in progress, raw materials and finished goods
Accounts receivable	100	Increase in GST refund
Prepaid expenses and other	329	Deposits on new equipment for Vancouver brewery
Long-term debt	2,595	Draw on debt facility
Deferred income taxes	(91)	Tax effect of changes in temporary differences
Share based payments liability	(18)	Lower SAR valuation and exercise of SARs, offset by additional SAR issuances
Current taxes	(1,924)	Tax payments
Accounts payable and accrued liabilities	(993)	Reduced supplier payments relating to lower volumes
Bank indebtedness	753	Timing of payments

LIQUIDITY AND CAPITAL RESOURCES

Capitalization

$ thousands (unless otherwise stated)	March 31, 2014	December 30, 2013
Bank indebtedness (cash)	535	(2,317)
Long-term debt	2,595	—
Total debt	3,130	—
Shareholders' equity:		
Shareholders' capital	100,247	100,109
Contributed surplus	993	892
Accumulated deficit	(72,568)	(71,043)
Total shareholders' equity	28,672	29,958
Total capitalization (total debt plus shareholders' equity, net of cash balances)	31,802	27,641
Total debt to capitalization ratio	9.8%	0.0%

Capital Strategy

The Corporation includes as capital its common shares plus short-term and long-term debt, net of cash balances, and has no externally imposed capital requirements. The Corporation's objectives are to safeguard the Corporation's ability to continue as a going concern, in order to support the Corporation's normal operating requirements and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk. This allows management to maximize the profitability of its existing assets and create long-term value and enhance returns for its shareholders.

The Corporation manages the capital structure through prudent levels of borrowing, cash-flow forecasting and working capital management, and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Corporation may issue new shares, issue new debt, acquire or dispose of assets or adjust the amount of cash and cash equivalents. In order to facilitate the management of its capital requirements, the Corporation prepares annual expenditure budgets, which are approved by the

Board of Directors. These budgets are updated as necessary depending on various factors, including capital deployment, results from operations, and general industry conditions.

In addition, the Corporation monitors its capital using ratios of (i) earnings before interest, taxes, depreciation and amortization (“EBITDA”) to long-term debt and (ii) EBITDA to interest, debt repayments and dividends. EBITDA to interest, debt repayments and dividends is calculated by dividing the combined interest, debt repayments and dividend amounts by EBITDA and EBITDA to long-term debt is calculated by dividing long-term debt by EBITDA. EBITDA is a non-GAAP measure. For a reconciliation of EBITDA to net income, the nearest GAAP measure, see Financing Activities later in this MD&A.

These capital policies provide Big Rock with access to capital at a reasonable cost.

As discussed later in this MD&A, all of the borrowing facilities have financial tests and other covenants customary for these types of facilities and must be met at each reporting date.

Shareholders’ Capital

	# of shares	$ Amount
As at December 30, 2013	6,068,678	100,109
Issued on exercise of stock options	8,000	138
As at March 31, 2014	6,076,678	100,247

Big Rock is authorized to issue an unlimited number of common shares with no par value.

The Corporation’s shares trade on the Toronto Stock Exchange under the symbol BR. As at May 12, 2014 there were 6,875,928 issued and outstanding shares and the closing price was $18.25 per share. Based upon 6,875,928 issued shares, the Corporation has an approximate market capitalization of $125.5 million.

On April 10, 2014, Big Rock closed an equity offering to sell 799,250 common shares at $17 per share for gross proceeds of $13.6 million. Share issue costs have been estimated at $1.0 million, which results in net proceeds of $12.6 million.

Share Based Compensation Plan

During the three months ended March 31, 2014, the Corporation granted 58,500 (2013 – 58,500) stock options to officers, employees and directors at an exercise price of $18.06 with an expiry date of March 17, 2018. The weighted average fair value of the options issued during the three months ended March 31, 2014 was estimated using the Black-Scholes option pricing model.

The weighted average assumptions used for the calculation were:

	March 2014	September 2013	March 2013
Weighted average fair value per option	**1.95**	1.66	1.61
Risk-free interest rate (%)	**1.42**	1.83	1.22
Expected life of the options (years)	**4**	4	4
Dividend rate (%)	**4.44**	5.30	5.41
Volatility in the price of the Corporation's shares (%)	**22.4**	23.5	25.3

A share-based compensation charge of $114 for the options granted in the three months ended March 31, 2014 (2013 - $94) was recognized in statement of comprehensive income. Share-based compensation costs have been included in general and administrative expenses.

The following is a summary of option transactions under the Corporation's stock option plan:

	2014		2013	
	# of options	Weighted average exercise price	# of options	Weighted average exercise price
Balance, beginning of year	413,000	$ 14.75	323,000	$ 14.85
Expired	—	—	(27,000)	$ 16.87
Exercised	(8,000)	$ 15.62	—	—
Issued	58,500	$ 18.06	58,500	$ 14.95
Balance, March 31	463,500	$ 15.16	354,500	$ 14.71

The following table summarizes information about stock options outstanding and exercisable at March 31, 2014:

Exercise price	# of Options outstanding at March 31, 2014	Weighted average remaining contractual life (years)	Weighted average exercise price	# of Options exercisable at March 31, 2014
$11.88 to $14.26	168,500	2.94	$ 13.06	168,500
$14.27 to $16.80	156,500	3.65	$ 15.39	156,500
$16.81 to $18.06	138,500	2.91	$ 17.45	138,500
Balance, March 31	463,500	3.17	$ 15.16	463,500

In March 2012, the Corporation introduced a share appreciation rights ("SAR") plan as a component of overall compensation of directors, officers and employees. These SARs vest immediately and are exercisable for five years thereafter.

In March 2014, the Corporation granted 53,900 SARs with an exercise price of $18.06 (to be settled in cash).

At the end of each reporting period, the fair value of the SARs, as determined by the Black-Scholes model, is recorded as a liability on the balance sheet and recorded as compensation expense.

As at March 31, 2014, 252,500 SARs were outstanding (December 30, 2013 – 214,800). During the three months ended March 31, 2014, 53,900 SARs were issued (2013 – 54,300), 16,200 SARs were exercised (2013 – nil) and no SARs expired (2013 – nil). As at March 31, 2014, the fair value of the SARs was calculated and resulted in a liability of $669 (December 30, 2013 - $687) and a charge of $56 being recorded in general and administrative expenses (December 30, 2013 - $449).

At March 31, 2014, the weighted average fair value of the SARs issued at the grant date was estimated using the Black-Scholes option pricing model. The weighted average assumptions used for the calculations were:

	March 2014	September 2013	March 2013
Weighted average fair value per SAR	**1.59**	2.47	2.49
Risk-free interest rate (%)	**1.48**	1.48	1.48
Expected life of the SAR (years)	**4.96**	4.46	3.97
Dividend rate (%)	**4.71**	4.71	4.71
Volatility in the price of the Corporation's shares (%)	**22.4**	22.4	22.4

Cash Flows

Operating Activities

Cash used by operating activities for the three months ended March 31, 2014 totalled $4,221, a decrease of $4,620 compared to the same period last year, mainly as a result of the change in non-cash working capital and the net loss.

Investing Activities

For the three months ended March 31, 2014, capital spending, net of dispositions, was $63 compared to $175 for the same period in 2013. Capital spending, net of dispositions, included $nil (2013 – $nil) for new kegs, $nil (2013 – $89) for glass containers, $11 (2013 – $40) for the purchase of new vehicles, net disposition $77 (2013 – net purchases of $20) of brewing and packaging equipment, $67 (2013 – $16) relating to buildings and warehouses, $nil (2013 - $2) for leasehold improvements, $52 (2013 – $8) for the purchase of office furniture and equipment and $10 (2013 - $nil) for the purchase of intangible assets.

Financing Activities

Cash provided by financing activities for the three months ended March 31, 2014 increased by $3,633 compared with the same period in 2013. The increase is a result of drawing on the operating loan facility during the quarter, being in an overdraft position in the bank account and the exercise of options.

On February 14, 2013, Big Rock signed a commitment letter for a $12 million revolving operating loan facility which is available to payout previous borrowings as well as for general operating purposes and funding capital expenditure requirements. For prime-based loans, interest will be payable at the financial institution's prime plus 1.0 percent; for guaranteed notes, the acceptance fee is payable at 2.75 percent; and for letters of credit, the fee is payable at 2 percent with a minimum fee of $100. The operating loan matures after a term of 3 years and any undrawn amounts under the facility will expire on May 31, 2016, if no extension has been granted. Collateral for these borrowings is a general assignment of Big Rock's assets.

As at March 31, 2014, a balance of $2,595 (December 30, 2013 - nil) was outstanding on the facility.

The facility imposes a number of positive and negative covenants on Big Rock, including the maintenance of certain financial ratios: EBITDA to long-term debt; and EBITDA to interest, debt repayments and dividends. As at March 31, 2014, Big Rock was in compliance with all covenants.

The calculation of EBITDA is a non-GAAP measure, whose nearest GAAP measure is net income with the reconciliation between the two as follows:

$ thousands (unless otherwise stated)	March 31, 2014	March 31, 2013
EBITDA	$ 137	$ 864
Deduct: Depreciation & Amortization	508	689
Earnings (loss) before interest and taxes	(371)	175
Deduct: Interest	7	7
Deduct: Income tax charge (add: recovery)	(68)	76
Net income (loss)	$ (310)	$ 92

Cash Dividends

Each quarter the Board of Directors sets the cash dividend per share, considering the Corporation's requirements for capital expenditures, debt servicing, and current operating results compared to budget as well as projected net incomes.

The amount of dividends declared depends upon numerous factors, including profitability, fluctuations in working capital, sustainability of margins during seasons when sales volumes and income are traditionally low, debt repayments, capital expenditures and the actual cash amounts available for distribution by the Corporation.

The following cash dividends have been announced by the Corporation to date in 2014:

	2014			2013		
	Record Date	Payment Date	Per Unit	Record Date	Payment Date	Per Unit
March	31-Mar	15-Apr	$0.20	29-Mar	15-Apr	$0.20
Total			$0.20			$0.20

Big Rock declared dividends of $1,215, or $0.20 per share, for the three months ended March 31, 2014 (2013 - $1,214 or $0.20 per share). Dividends were paid on April 15, 2014 (April 15, 2013). Dividends declared to shareholders may exceed net income generated during the period. Net income may not be an accurate indicator of the Corporation's liquidity, as it may be comprised of significant charges not involving cash including future income tax, changes to non-cash working capital and amortization related expenses.

Big Rock's intention is to continue to reward its investors with dividends consistent with the performance of the brewery. In determining actual dividend levels, the Board will consider the financial performance, capital plans, growth opportunities, expectations of future economic conditions and other factors. Since the level of dividends is highly dependent upon cash flow generated from operations, which fluctuates significantly in relation to changes in financial and operational performance, commodity prices, interest and exchange rates and many other factors, future dividends cannot be assured. Dividends are subject to the risk factors described herein and in the Corporation's public disclosure documents including its current Annual Information Form.

Cash dividends are not guaranteed and will fluctuate with the performance of the business.

CRITICAL ACCOUNTING ESTIMATES

Stock-based compensation

The Corporation recognizes compensation expense on options with no cash settlement feature at time of grant as well as on changes in the fair value of any outstanding SARs at each reporting date. Stock based compensation expense with respect to options recognized during the three months ended March 31, 2014 was $114 (2013 – $94), while the expense recognized with respect to SARs was $56 (2013 - $68) as discussed earlier in this MD&A.

Property, Plant and Equipment

Accounting for PP&E involves making estimates of the life of the assets, the selection of an appropriate method of depreciation and determining whether an impairment of the assets exists. These assessments are critical due to their potential impact on income.

At each date of the statement of financial position, the Corporation reviews the carrying amounts of its tangible and intangible assets to determine whether there is an indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Corporation estimates the recoverable amount of the cash-generating unit to which the assets belong.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in the statement of comprehensive income.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating-unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years.

Keg Deposits

The Corporation requires that customers pay a deposit for each keg purchased, which is subsequently refunded to customers via invoice credits or cash payments when kegs are returned and these deposits are reflected as a liability on the Corporation's balance sheet. In the normal course of business there are a percentage of kegs that are never returned for refund. As a result, the Corporation performs an analysis based on factors such as total kegs produced, current inventory rates and average keg turnover. In addition, return percentages are calculated and tracked to estimate an average keg turnover rate. Together this information is used to estimate a reasonable keg deposit liability at each reporting date. Any adjustments required to the keg liability account are applied to revenue.

RISKS RELATED TO THE BUSINESS AND INDUSTRY

Big Rock operates in an environment that is both highly competitive and highly government regulated. Due to the ongoing shifting effects of competition, the ability to predict future sales and profitability with any degree of certainty is limited. It is also difficult to anticipate changes in government regulation and legislation and the impact such changes might have on the Corporation's operations.

There is a continuing entry of premium and super premium beers from other craft breweries and the larger national and multi-national brewers with products that compete directly with craft beers. A large number of imports are also being sold in the same markets where Big Rock competes for business.

With the large choice of craft brands now available, and the advertising initiatives of pseudo-craft divisions of the major breweries, it is likely that competitive pressures on price will continue. As a result, the selling price may vary more frequently; however Big Rock believes it is in an excellent position to increase return on sales.

Big Rock requires various permits, licenses, and approvals from several government agencies in order to operate in its market areas. In Alberta, Big Rock's largest market, the Alberta Gaming and Liquor Commission provides the necessary licensing approvals. Other licenses have been obtained from various other government authorities. Management believes that Big Rock is in compliance with all licenses, permits, and approvals.

Each provincial authority has its own tax or "mark-up" structure by which fees are levied on brewers' sales within that jurisdiction. These regulations may be changed from time to time, which may positively or negatively impact Big Rock's profitability.

In 2012, the Alberta government commenced a review of its mark-up rates, but no changes to existing regulations have yet been announced. As Alberta is Big Rock's predominant market, any changes to this mark-up rate structure could have significant impacts on the Corporation's financial results.

Financial Risk

The Corporation's principal financial instruments are its outstanding amounts drawn from its credit facilities, which, after cash flow from operations, are its main source of financing. Other financial assets and liabilities arising directly from its operations and corporate activities include cash, accounts receivable, bank indebtedness, accounts payable, long term debt and distributions payable. The primary risks arising from the Corporation's financial instruments are credit risk, liquidity risk, commodity price risk, interest rate risk and foreign exchange risk, each of which are discussed below.

Management manages and monitors these exposures to ensure appropriate measures are implemented in a timely and effective manner.

Credit Risk

Credit risk is the risk that the counterparty to a financial asset will default, resulting in the Corporation incurring a financial loss.

Big Rock has a concentration of credit risk because a majority of its accounts receivable are from provincial liquor boards, under provincially regulated industry sale and payment terms. The Corporation is not exposed to significant credit risk as payment in full is typically collected by provincial liquor boards at the time of sale and receivables are with government agencies. While substantially all of Big Rock's accounts receivable are from provincial government liquor authorities, the timing of receipts of large balances may vary significantly from period to period. The majority of product sold outside of Canada, which is included in GST and other receivables, is done so on a 'Cash on Delivery' basis with no credit risk.

Credit risk associated with the potential non-performance by financial instrument counterparties has been minimized through the careful selection of vendors, the development of long term vendor relationships and the selective use of written arrangements to guarantee supply and payment terms.

Liquidity Risk

Big Rock's principal sources of liquidity are its cash flows from operations and existing or new credit facilities. Liquidity risk is mitigated by maintaining banking facilities, continuously monitoring forecast and actual cash flows and, if necessary, adjusting levels of dividends to shareholders and capital spending to maintain liquidity.

Management closely monitors the liquidity position and expects to have adequate sources of funding to finance the Corporation's operations.

Commodity Price Risk

The Corporation is exposed to commodity price risk in the areas of utilities (primarily electricity and natural gas), malted barley, water, glass and aluminum, where fluctuations in the market price or availability of these items could impact Big Rock's cash flow and production. To minimize the impact of this risk, the Corporation enters into contracts which secure supply and set pricing to manage the exposure to availability and pricing.

Big Rock's profitability depends on the selling price of its products to provincial liquor boards, which set minimum price thresholds. Although prices are otherwise controlled by the Corporation, they are subject to such factors as regional supply and demand, and to a lesser extent inflation and general economic conditions. As beer and cider sales are the only source of revenue for the Corporation, a 5% increase or decrease in these prices will result in a corresponding increase or decrease in revenue.

Interest Rate Risk

Big Rock is exposed to interest rate risk on the variable rate of interest incurred on the amounts due under operating and credit facilities and on interest earned on bank deposits. The cash flow required to service the interest on these facilities will fluctuate as a result of changes to market rates.

The Corporation has not entered into any derivative instruments to manage interest rate fluctuations; however, management monitors interest rate exposure and given the relatively low expected rate of change in prime interest rates feels the risk is immaterial. Big Rock evaluates the policies surrounding interest rates on an as needed basis and is confident that this policy is sufficient based on current economic conditions, combined with the minimal amount of debt required by the Corporation.

The fair value interest rate risk on bank deposits is insignificant as the deposits are short-term and the fair value of the Corporation's long-term debt does not change as interest rates change.

The weighted average interest rate incurred by the Corporation in the three months ended March 31, 2014 was 4.00% (2013 – 4.22%).

Foreign Exchange Risk

The Corporation currently transacts with only a few foreign suppliers providing small amounts of goods and thus has limited exposure to risk due to variations in foreign exchange rates. The Corporation has not entered into any derivative instruments to manage foreign exchange fluctuations; however, management monitors foreign exchange exposure.

The Corporation does not have any significant foreign currency denominated monetary liabilities.

For a more detailed discussion of risk factors that could materially affect Big Rock's results of operations and financial condition please refer to the Risk Factors section of the Corporation's Annual Information Form dated March 17, 2014 that is available on www.sedar.com.

FUTURE ACCOUNTING PRONOUNCEMENTS

IFRS Policies

The Corporation's interim financial statements as at and for the three months ended March 31, 2014 and 2013 have been prepared using the IFRS standards and interpretations currently issued. Accounting policies currently adopted under IFRS are subject to change as a result of new standards being issued with an effective date of December 31, 2013 or prior. A change in an accounting policy used may result in material changes to Big Rock's reported financial position, results of operations and cash flows.

Future accounting pronouncements

The IASB has issued the following pronouncements:

- IFRIC 21 Levies has been issued which will be required to be adopted, with retrospective application, effective for annual periods beginning on or after January 1, 2014. This standard provides guidance on when to recognise a liability for a levy imposed by a government whereby a liability is recognised progressively if an obligating event occurs over a period of time and immediately in full where obligation is triggered on reaching a minimum threshold.

- Amendments to IAS 32 *Offsetting Financial Assets and Financial Liabilities* have been issued which will be required to be adopted, with retrospective application, effective for annual periods beginning on or after January 1, 2014. These amendments include clarification of the meaning of "currently has a legally enforceable right to set-off" and may change assets and liabilities eligible for net presentation.

- Amendments to IAS 36 *Recoverable Amount Disclosures for Non-Financial Assets* have been issued which will be required to be adopted, with retrospective application, effective for annual periods beginning on or after January 1, 2014. These amendments delete the requirement to disclose the recoverable amount for each cash-generating unit for which the carrying amount of goodwill or intangible assets with indefinite useful lives allocated to that unit was significant in comparison with the entity's total carrying amount of goodwill or intangible assets with indefinite useful lives. In addition, the IASB added two disclosure requirements: to provide additional information about the fair value measurement of impaired assets when the recoverable amount is based on fair value less costs of disposal and to provide information about the discount rates that have been used when the recoverable amount is based on fair value less costs of disposal using a present value technique.

- IFRS 9 *Financial Instruments* has been amended, effective for annual periods beginning January 1, 2015. The amended standard requires classification of financial assets on the basis of the reporting entity's business model objectives for managing those financial assets and the characteristics of the contractual cash flows. As a result, both the classification and measurement of certain financial assets may change. Additionally, for liabilities designated at fair value through profit and loss, fair value changes attributable to changes in credit risk will be presented through other comprehensive income instead of net income.

Early adoption of the above standards, amendment and interpretations is permitted. Big Rock has not early adopted these; however, the Corporation is currently assessing what impact the application of these standards or amendments will have on the financial statements of the Corporation.

DISCLOSURE CONTROLS AND PROCEDURES

The Corporation's management under the supervision of, and with the participation of, the Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO") of Big Rock Brewery Operations Corp. (the administrator of the Corporation), have designed and evaluated the effectiveness and operation of its disclosure controls and procedures, as defined under National Instrument 52 – 109 Certification of Disclosure in Issuers' Annual and Interim Filings ("NI 52-109"). Disclosure controls and procedures are designed to provide reasonable assurance that information required to be disclosed in reports filed with Canadian securities regulatory authorities is recorded, processed, summarized and reported in a timely fashion. The disclosure controls and procedures are designed to ensure that information required to be disclosed by the Corporation in such reports is then accumulated and communicated to management, including the CEO and the CFO, as appropriate, to allow timely decisions regarding required disclosure. Due to the inherent limitations in all control systems, an evaluation of the disclosure controls can only provide reasonable assurance over the effectiveness of the controls. The disclosure controls are not expected to prevent and detect all misstatements due to error or fraud. Based on the evaluation of disclosure controls and procedures, the CEO and CFO have concluded that the Corporation's disclosure controls and procedures are effective as of March 31, 2014.

INTERNAL CONTROLS OVER FINANCIAL REPORTING

The Corporation's management under the supervision of, and with the participation of, the CEO and CFO, has designed and implemented internal controls over financial reporting ("ICFR"), as defined under NI 52-109. The Corporation's management used the COSO Internal Control over Financial Reporting - Guidelines for Smaller Public Companies (2006) as its framework.

The process used involved four steps as follows: establishment of a foundation, which involved assessing the tone at the top, the organization structure and baseline of current internal controls; design and execution, which involved prioritizing risk, identifying controls and evaluation of control effectiveness; assess and report, which involved summarizing and reporting on the findings; and conclusion on controls supported by documented evidence.

The purpose of internal controls over financial reporting is to provide reasonable assurance regarding the reliability of financial reporting and preparation of financial statements in accordance with GAAP, focusing in particular on controls over information contained in the annual and interim financial statements. The internal controls are not expected to prevent and detect all misstatements due to error or fraud.

The CEO and CFO acknowledge responsibility for the design of ICFR and confirm that there were no changes in the Corporation's controls over financial reporting during the first quarter ended March 31, 2014, that have materially affected or are reasonably likely to materially affect the Corporation's internal control over financial reporting.

Based upon their evaluation of these controls as of March 31, 2014, the CEO and CFO have concluded that the Corporation's ICFR were effective as at that date. No material weaknesses existed within the

Corporation's ICFR as of March 31, 2014. In addition, there were no material changes to Big Rock's internal controls over financial reporting since the most recent interim period.

OUTLOOK

Competition continues to intensify at the value-priced end of the beer spectrum, but is also increasing for premium craft beer, particularly in Alberta, which, unlike most other Canadian jurisdictions, has relatively few barriers to entry for out-of-province producers. Additionally, as part of a strategic plan to prioritize high-margin innovative new beers and to maximize profitability of existing products, Big Rock has continued to reduce the use of volume-inducing limited-time offers which has led to a decrease in volumes for the three months ended March 31, 2014 as compared to the same period in 2013.

In response to consumer-driven demand, management will continue to invest in targeted marketing opportunities to create brand awareness and to emphasize the innovation program, which will provide additional great beers to the Big Rock portfolio. Through reductions in the extent of promotional pricing activities and other initiatives, volumes may continue to decline but profits should increase over time.

In addition, management will continue to monitor and adjust the selling prices of its products, and will continue to actively manage operating costs, assess regional profitability and focus on operating efficiencies.

FORWARD LOOKING INFORMATION

This MD&A contains forward-looking information that reflects management's expectations related to expected future events, financial performance and operating results of the Corporation. Investors should not place undue reliance on forward-looking statements as the plans, intentions or expectations upon which they are based might not occur.

All statements, other than statements of historical fact included in the MD&A, may be forward-looking information. Forward-looking information are not facts, but only predictions and generally can be identified by the use of statements that include words or phrases such as "seek", "anticipate", "plan", "continue", "estimate", "expect", "may", "will", "project", "predict", "propose", "potential", "targeting", "intend", "could", "might", "should", "believe" and similar expressions. These statements are not guarantees of our future performance and are subject to known and unknown risks, uncertainties and other factors that may cause Big Rock's actual results or events to differ materially from those anticipated in such forward-looking statements.

Big Rock believes that the expectations reflected in these forward-looking statements are reasonable but no assurance can be given that these expectations will prove to be correct and such forward-looking statements included in this MD&A should not be unduly relied upon by investors as actual results may vary. These statements speak only as of the date of this MD&A and are expressly qualified, in their entirety, by this cautionary statement.

In particular this MD&A contains forward-looking statements pertaining to the following:

- Intention to continue to pay quarterly dividends;
- expected volumes;
- projections of market prices and costs;
- treatment under governmental regulatory and taxation regimes; and
- supply and demand of Big Rock's products.

With respect to forward-looking statements listed above and contained in this MD&A, Big Rock has made assumptions regarding, among other things, the following:

- financial performance and capital plans will not affect the ability to pay dividends;
- volumes in the current fiscal year will remain constant or will increase;
- input costs for brewing and packaging materials will remain constant or will not significantly increase or decrease;
- there will be no material change to the regulatory environment in which Big Rock operates; and
- there will be no supply issues with Big Rock's vendors.

Big Rock's actual results could differ materially from those anticipated in these forward-looking statements as a result of the risk factors set forth above and as set out under the heading "Risk Factors" in the Corporation's 2013 Annual Information Form (as filed on SEDAR on March 17, 2014). Readers are cautioned that the foregoing lists of factors are not exhaustive.

The forward-looking statements contained in this MD&A are expressly qualified by this cautionary statement. Big Rock does not undertake any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, unless required by law.

ADDITIONAL INFORMATION

Additional information on the Corporation, including the Annual Information Form for the year ended December 30, 2013, can be found on SEDAR at www.sedar.com. Information about Big Rock can also be found on Big Rock's corporate website at http://bigrockbeer.com.

BIG ROCK BREWERY INC.

Condensed Interim Consolidated Statements of Comprehensive Income (Loss)

Unaudited

(In thousands of Canadian dollars, except per share amounts)

	Three months ended March 31	
	2014	2013
Net revenue (Note 3)	$ 7,147	$ 9,004
Cost of sales (Note 4)	3,567	4,199
Gross profit	3,580	4,805
Expenses		
Selling expenses (Notes 5 and 19)	2,704	3,343
General and administrative (Note 6)	1,232	1,268
Depreciation and amortization	64	65
Operating expenses	4,000	4,676
Operating profit (loss)	(420)	129
Finance costs (Note 7)	7	7
Other income	77	66
Other expenses	28	20
Income (loss) before income taxes	(378)	168
Current income tax expense	23	110
Deferred income tax recovery	(91)	(34)
Net income (loss) and comprehensive income (loss) for the period	$ (310)	$ 92

Net income (loss) per share (Note 8)		
Basic and diluted	$ (0.05)	$ 0.02

See accompanying notes to the condensed interim consolidated financial statements

BIG ROCK BREWERY INC.
Condensed Interim Consolidated Statements of Financial Position
Unaudited
(In thousands of Canadian dollars)

	March 31, 2014	December 30, 2013
ASSETS		
Non-current assets		
Property, plant and equipment	$ 34,699	$ 35,142
Intangible assets	112	108
	34,811	35,250
Current		
Inventories (Note 9)	4,129	2,983
Accounts receivable (Note 10)	1,453	1,353
Prepaid expenses and other (Note 11)	1,083	754
Cash	218	2,317
	6,883	7,407
Total assets	$ 41,694	$ 42,657
LIABILITIES AND SHAREHOLDERS' EQUITY		
EQUITY		
Shareholders' capital (Note 12)	$100,247	$100,109
Contributed surplus (Notes 12 and 13)	993	892
Accumulated deficit	(72,568)	(71,043)
	28,672	29,958
LIABILITIES		
Non-current		
Long term debt (Notes 14 and 17)	2,595	—
Share based payment liabilities (Note 13)	669	687
Deferred income taxes	4,654	4,745
	7,918	5,432
Current		
Bank indebtedness (Notes 14 and 17)	753	—
Accounts payable and accrued liabilities (Note 15)	3,107	4,100
Dividends payable (Note 16)	1,215	1,214
Current portion of long-term debt (Notes 14 and 17)	—	—
Current taxes payable	29	1,953
	5,104	7,267
Total liabilities and shareholders' equity	$ 41,694	$ 42,657

See accompanying notes to the condensed interim consolidated financial statements

BIG ROCK BREWERY INC.
Condensed Interim Consolidated Statements of Cash Flow
Unaudited
(In thousands of Canadian dollars)

	Three months ended March 31 2014	Three months ended March 31 2013
OPERATING ACTIVITIES		
Net income (loss) for the period	$ (310)	$ 92
Items not affecting cash:		
Depreciation and amortization	508	689
Loss (gain) on sale of assets	10	(4)
Stock-based compensation	170	162
Deferred income tax recovery	(91)	(34)
Net change in non-cash working capital related to operations (Note 18)	(4,508)	(506)
Cash (used in) provided by operating activities	(4,221)	399
FINANCING ACTIVITIES		
Increase in bank indebtedness and long-term debt	3,348	—
Exercise of options	125	—
Dividend payments	(1,214)	(1,214)
Exercise of stock appreciation rights	(74)	—
Principal repayments of long-term debt	—	(234)
Cash provided by (used in) financing activities	2,185	(1,448)
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(193)	(179)
Purchase of intangible assets	(10)	—
Proceeds from sale of equipment	140	4
Cash used in investing activities	(63)	(175)
Net decrease in cash	(2,099)	(1,224)
Cash, beginning of period	2,317	4,281
Cash, end of period	$ 218	$ 3,057

	2014	2013
Supplemental cash-flow information		
Cash interest paid	$ —	$ 24
Cash taxes paid	$ 1,947	$ —

See accompanying notes to the condensed interim consolidated financial statements

BIG ROCK BREWERY INC.
Condensed Interim Consolidated Statements of Changes in Shareholders' Equity
Unaudited
(In thousands of Canadian dollars)

	Shareholders' capital	Contributed surplus	Accumulated deficit	Total
Balance as at December 30, 2012	$ 100,109	$ 701	$ (68,739)	$ 32,071
Share-based payments	—	94	—	94
Total comprehensive income	—	—	92	92
Dividends declared (Note 16)	—	—	(1,214)	(1,214)
Balance as at March 31, 2013	100,109	795	(69,861)	31,043
Share-based payments	—	97	—	97
Total comprehensive income	—	—	2,459	2,459
Dividends declared	—	—	(3,641)	(3,641)
Balance as at December 30, 2013	100,109	892	(71,043)	29,958
Stock options exercised	138	(13)	—	125
Share-based payments	—	114	—	114
Total comprehensive income (loss)	—	—	(310)	(310)
Dividends declared (Note 16)	—	—	(1,215)	(1,215)
Balance as at March 31, 2014	$ 100,247	$ 993	$ (72,568)	$ 28,672

See accompanying notes to the condensed interim consolidated financial statements

1. CORPORATE INFORMATION

Big Rock Brewery Inc. ("Big Rock" or the "Corporation") is a publicly listed Corporation incorporated in Canada with limited liability under the legislation of the Province of Alberta and its shares are listed on the Toronto Stock Exchange and trade under the symbol "BR".

Big Rock is a regional producer of premium, all-natural craft beers and cider which are sold in six provinces and two territories in Canada, as well as exported to Korea. The head office, principal address and records office of the Corporation are located at 5555 – 76th Avenue SE, Calgary, Alberta, T2C 4L8.

These condensed interim consolidated financial statements (the "Financial Statements") include the accounts of Big Rock Brewery Inc. and all its wholly owned subsidiaries. Subsidiaries are those enterprises controlled by the Corporation. The following entities have been consolidated with the Big Rock financial statements:

	Registered	Holding	Functional Currency
Subsidiary			
Big Rock Brewery Inc.	Alberta	Parent Company	Canadian dollar
Big Rock Brewery Operations Corp.	Alberta	100%	Canadian dollar
Big Rock Brewery Limited Partnership	Alberta	100%	Canadian dollar

Inter-company balances and transactions, and any unrealized gains arising from inter-company transactions, are eliminated in preparing the consolidated financial statements.

2. BASIS OF PREPARATION

2.1 Statement of compliance

These Financial Statements are unaudited and have been prepared in accordance with IAS 34 *Interim Financial Reporting* ("IAS 34") using accounting policies consistent with the IFRS issued by the International Accounting Standards Board ("IASB") and Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

These Financial Statements should be read in conjunction with Big Rock's 2013 annual consolidated financial statements.

2.2 Basis of presentation

These Financial Statements have been prepared on a going concern basis, which contemplates the realization of assets and settlement of liabilities in the normal course of business.

The Financial Statements have been prepared on the historical cost basis, presented in Canadian dollars and all values are rounded to the nearest thousand dollars except where otherwise indicated.

2.3 Future accounting pronouncements

The IASB has issued the following pronouncements:

- IFRIC 21 *Levies* has been issued which will be required to be adopted, with retrospective application, effective for annual periods beginning on or after January 1, 2014. This standard provides guidance on when to recognize a liability for a levy imposed by a government whereby a liability is recognized progressively if an obligating event occurs over a period of time and immediately in full where obligation is triggered on reaching a minimum threshold.

- Amendments to IAS 32 *Offsetting Financial Assets and Financial Liabilities* have been issued which will be required to be adopted, with retrospective application, effective for annual periods beginning on or after January 1, 2014. These amendments include clarification of the meaning of "currently has a legally enforceable right to set-off" and may change assets and liabilities eligible for net presentation.

- Amendments to IAS 36 *Recoverable Amount Disclosures for Non-Financial Assets* have been issued which will be required to be adopted, with retrospective application, effective for annual periods beginning on or after January 1, 2014. These amendments delete the requirement to disclose the recoverable amount for each cash-generating unit for which the carrying amount of goodwill or intangible assets with indefinite useful lives allocated to that unit was significant in comparison with the entity's total carrying amount of goodwill or intangible assets with indefinite useful lives. In addition, the IASB added two disclosure requirements: to provide additional information about the fair value measurement of impaired assets when the recoverable amount is based on fair value less costs of disposal and to provide information about the discount rates that have been used when the recoverable amount is based on fair value less costs of disposal using a present value technique.

- IFRS 9 *Financial Instruments* has been amended, effective for annual periods beginning January 1, 2015. The amended standard requires classification of financial assets on the basis of the reporting entity's business model objectives for managing those financial assets and the characteristics of the contractual cash flows. As a result, both the classification and measurement of certain financial assets may change. Additionally, for liabilities designated at fair value through profit and loss, fair value changes attributable to changes in credit risk will be presented through other comprehensive income instead of net income.

Early adoption of the above standards, amendment and interpretations is permitted. Big Rock has not early adopted these; however, the Corporation is currently assessing what impact the application of these standards or amendments will have on the financial statements of the Corporation.

3. REVENUE RECOGNITION

	Three months ended March 31	
	2014	2013
Gross Product Revenues	$ 9,338	$ 11,487
Excise Taxes	(1,001)	(1,061)
Alberta Gaming and Liquor Commission ("AGLC") Commissions	(1,190)	(1,422)
Net Revenue	$ 7,147	$ 9,004

Revenue for Alberta represents gross sales to the provincial liquor control board less excise taxes and commissions arriving at the net proceeds to Big Rock. Revenue for other provincial jurisdictions represents net sales to the liquor control boards, after excise taxes and commissions. Excise taxes are assessed on beer production at tiered rates up to $31.22 per hectolitre, and provincial liquor control board commissions cover distributions and other service charges.

4. COST OF SALES

The cost of sales of the Corporation is broken down into its cash and non-cash components as follows:

	Three months ended March 31	
	2014	2013
Operating expenses	$ 3,123	$ 3,575
Depreciation and amortization	444	624
Cost of sales	$ 3,567	$ 4,199

5. SELLING EXPENSES

The selling expenses for the Corporation are broken down as follows:

	Three months ended March 31	
	2014	2013
Delivery and distribution costs	$ 653	$ 750
Salaries and benefits	806	1,289
Marketing	323	189
Regional sales	806	1,002
Community sponsorship and other	116	113
Selling expenses	$ 2,704	$ 3,343

6. GENERAL AND ADMINISTRATIVE EXPENSES

The general and administrative expenses for the Corporation are broken down as follows:

	Three months ended March 31	
	2014	2013
Salaries and benefits (1)	$ 716	$ 769
Professional fees	185	185
Reporting and filing fees	23	48
Insurance	53	52
Building maintenance and taxes	118	116
Bank charges	15	6
Office, administrative and other	122	92
General and administrative expenses	$ 1,232	$ 1,268

(1) Salaries and benefits include stock option expense of $114 (2013 - $94) and stock appreciation rights expense of $56 (2013 – $68).

7. FINANCE COSTS

The finance costs for the Corporation are broken down as follows:

	Three months ended March 31	
	2014	2013
Interest on long-term debt	$ 8	$ 20
Interest on operating facility	(1)	(13)
Finance costs	$ 7	$ 7

8. INCOME (LOSS) PER SHARE

The calculation of income (loss) per share for the relevant periods is based on the following data:

Basic	Three months ended March 31 2014	2013
Net income (loss)	$ (310)	$ 92
Shares outstanding, beginning of the period	6,068,678	6,068,678
Weighted average # of shares issued during the period	1,582	–
Basic # shares outstanding during the period	6,070,260	6,068,678
Basic income (loss) per share	$ (0.05)	$ 0.02

Diluted	Three months ended March 31 2014	2013
Net income	$ (310)	$ 92
Basic # shares outstanding during the period	6,070,260	6,068,678
Weighted average # of shares issuable on dilutive options during the period	–	21,325
Diluted # shares outstanding during the period	6,070,260	6,090,003
Diluted income (loss) per share	$ (0.05)	$ 0.02

9. INVENTORIES

The inventories for the Corporation are categorized as follows:

	March 31, 2014	December 30, 2013
Raw materials and glass containers	$ 877	$ 739
Brews in progress	933	754
Finished product	2,170	1,384
Consignment product	101	64
Dry goods store (resale goods)	48	42
	$ 4,129	$ 2,983

During the three months ended March 31, 2014, charges were recorded to net income relating to obsolete, damaged or unsellable packaging inventory of $23 (2013 - $76) and relating to promotional and resale goods and damaged finished goods inventory of $36 (2013 - $nil).

In the three months ended March 31, 2014, there were no reversals of amounts previously charged to income in respect of write-downs of inventory (2013 - $nil).

Finished goods inventory includes $150 (December 30, 2013 – $166) of amortization charges on production equipment used to convert raw materials to finished goods.

10. ACCOUNTS RECEIVABLE

The Corporation's receivables arise from three main sources: trade receivables from the sale of beer and cider to provincial liquor boards, supplier rebates and other amounts. Other receivables include amounts due from sales to international customers and GST balances. The accounts receivable balances are broken down as follows:

	March 31, 2014	December 30, 2013
Provincial liquor boards	$ 1,157	$ 1,117
Other receivables	296	236
Total accounts receivable	$ 1,453	$ 1,353

Below is an aged analysis of the Corporation's trade and other receivables:

	March 31, 2014	December 30, 2013
Less than 30 days	$ 1,278	$ 1,132
30 – 60 days	169	192
60 – 90 days	—	1
Over 90 days	6	28
Total accounts receivable	$ 1,453	$ 1,353

The Corporation holds no collateral for any receivable amounts outstanding as at March 31, 2014.

11. PREPAID EXPENSES AND DEPOSITS

The prepaid expenses and deposits for the Corporation are categorized as follows:

	March 31, 2014	December 30, 2013
Community sponsorship	$ 67	$ 38
Property taxes	39	—
Prepaid insurance	33	84
Equipment deposits, rental and maintenance	828	523
Public filing fees	16	—
Promotional materials	92	94
Other	8	15
	$ 1,083	$ 754

12. SHARE CAPITAL

	March 31, 2014		December 30, 2013	
	# of shares	$ Amount	# of shares	$ Amount
Outstanding at beginning of period	6,068,678	100,109	6,068,678	100,109
Shares issued upon exercise of options	8,000	138	—	—
Outstanding at end of period	6,076,678	100,247	6,068,678	100,109

Big Rock is authorized to issue an unlimited number of common shares with no par value.

13. SHARE-BASED PAYMENTS

13.1 Stock option plan

The Corporation has a stock option plan which permits the Board of Directors of the Corporation to grant options to acquire common shares of the Corporation at the volume weighted average closing price for the five days preceding the date of grant. The Compensation Committee determines and makes recommendations to the Board of Directors as to the recipients of, and nature and size of, share-based compensation awards in compliance with applicable securities law, stock exchange and other regulatory requirements – including the terms of the option plan. The Corporation is authorized to issue options for a maximum of 10% of the issued and outstanding common shares pursuant to the stock option plan.

The general terms of stock options granted under the amended plan include a maximum exercise period of 5 years and vesting immediately.

On March 17, 2014, the Corporation granted 58,500 options at an exercise price of $18.06 with an expiry date of March 17, 2018.

The weighted average fair value of the options issued at the grant date was estimated using the Black-Scholes option pricing model. The weighted average assumptions used for the calculations were:

	March 2014	September 2013	March 2013
Weighted average fair value per option	**1.95**	1.66	1.61
Risk-free interest rate (%)	**1.42**	1.83	1.22
Expected life of the options (years)	**4**	4	4
Dividend rate (%)	**4.44**	5.30	5.41
Volatility in the price of the Corporation's shares (%)	**22.4**	23.5	25.3

A share-based compensation charge of $114 for the options granted in the three months ended March 31, 2014 (2013 - $94) was recognized in statement of comprehensive income. Share-based compensation costs have been included in general and administrative expenses.

13.2 Stock appreciation rights plans

In March 2012, the Corporation introduced a share appreciation rights ("SAR") plan as a component of overall compensation of directors, officers and employees. These SARs vest immediately and are exercisable for five years thereafter.

In March 2014, the Corporation granted 53,900 SARs with an exercise price of $18.06 (to be settled in cash).

At the end of each reporting period, the fair value of the SARs, as determined by the Black-Scholes model, is recorded as a liability on the balance sheet and recorded as compensation expense.

As at March 31, 2014, 252,500 SARs were outstanding (December 30, 2013 – 214,800). During the three months ended March 31, 2014, 53,900 SARs were issued (2013 – 54,300), 16,200 SARs were exercised (2013 – nil) and no SARs expired (2013 – nil). As at March 31, 2014, the fair value of the SARs was calculated and resulted in a liability of $669 (December 30, 2013 - $687) and a charge of $56 being recorded in general and administrative expenses (December 30, 2013 - $449).

At March 31, 2014, the weighted average fair value of the SARs issued at the grant date was estimated using the Black-Scholes option pricing model. The weighted average assumptions used for the calculations were:

	March 2014	September 2013	March 2013
Weighted average fair value per SAR	**1.59**	2.47	2.49
Risk-free interest rate (%)	**1.48**	1.48	1.48
Expected life of the SAR (years)	**4.96**	4.46	3.97
Dividend rate (%)	**4.71**	4.71	4.71
Volatility in the price of the Corporation's shares (%)	**22.4**	22.4	22.4

13.3 Outstanding stock options

The following is a summary of option transactions under the Corporation's stock option plan:

	2014		2013	
	# of options	Weighted average exercise price	# of options	Weighted average exercise price
Balance, beginning of year	413,000	$ 14.75	323,000	$ 14.85
Expired	—	—	(27,000)	$ 16.87
Exercised	(8,000)	$ 15.62	—	—
Issued	58,500	$ 18.06	58,500	$ 14.95
Balance, March 31	463,500	$ 15.16	354,500	$ 14.71

The following table summarizes information about stock options outstanding and exercisable at March 31, 2014:

Exercise price	# of Options outstanding at March 31, 2014	Weighted average remaining contractual life (years)	Weighted average exercise price	# of Options exercisable at March 31, 2014
$11.88 to $14.26	168,500	2.94	$ 13.06	168,500
$14.27 to $16.80	156,500	3.65	$ 15.39	156,500
$16.81 to $18.06	138,500	2.91	$ 17.45	138,500
Balance, March 31	463,500	3.17	$ 15.16	463,500

14. BANK INDEBTEDNESS AND LONG-TERM DEBT

On February 14, 2013, Big Rock signed a commitment letter for a $12 million revolving operating loan facility which is available to payout previous borrowings as well as for general operating purposes and funding capital expenditure requirements. For prime-based loans, interest will be payable at the financial institution's prime plus 1.0 percent; for guaranteed notes, the acceptance fee is payable at 2.75 percent; and for letters of credit, the fee is payable at 2 percent with a minimum fee of $100. The operating loan matures after a term of 3 years and any undrawn amounts under the facility will expire on May 31, 2016, if no extension has been granted. Collateral for these borrowings is a general assignment of Big Rock's assets.

The facility imposes a number of positive and negative covenants on Big Rock, including the maintenance of certain financial ratios. As at March 31, 2014, Big Rock was in compliance with all covenants.

As at March 31, 2014, $2,595 (December 30, 2013 - nil) was outstanding on the facility.

15. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities of the Corporation are principally comprised of amounts outstanding for trade purchases relating to brewing, selling, and general and administrative activities. The usual credit period taken for trade purchases is between 30 to 90 days.

The following is an aged analysis of the trade and other payables:

	March 31, 2014	December 30, 2013
Less than 30 days	$ 3,103	$ 4,096
30 – 60 days	—	—
60 – 90 days	—	—
Over 90 days	4	4
Total accounts payable and accrued liabilities	$ 3,107	$ 4,100

16. DIVIDENDS PAYABLE

Big Rock declared dividends of $1,215, or $0.20 per share, for the three months ended March 31, 2014 (2012 - $1,214 or $0.20 per share). Dividends were paid on April 15, 2014 (April 15, 2013).

Over the long term it is management's intention that Big Rock's dividends to its shareholders are funded by cash flow from operating activities with the remaining cash from operations directed towards capital spending and debt repayments. The Corporation intends to provide dividends to shareholders that are sustainable to the Corporation considering its liquidity and long-term operational strategies. Since the level of dividends is highly dependent upon cash flow generated from operations, which fluctuates significantly in relation to changes in financial and operational performance, commodity prices, interest and exchange rates and many other factors, future dividends cannot be assured.

Dividends declared to shareholders may exceed net income generated during a given period. Net income may not be an accurate indicator of the Corporation's liquidity, as it may be comprised of significant items not involving cash including deferred income tax and depreciation and amortization related expenses.

17. CAPITAL RISK MANAGEMENT

The Corporation includes as capital its common shares plus short-term and long-term debt, net of cash balances, and has no externally imposed capital requirements. The Corporation's objectives are to safeguard the Corporation's ability to continue as a going concern, in order to support the Corporation's normal operating requirements and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk. This allows management to maximize the profitability of its existing assets and create long-term value and enhance returns for its shareholders.

	March 31, 2014	December 30, 2013
Bank indebtedness (cash)	$ 535	$ (2,317)
Long-term debt	2,595	–
Total debt	3,130	–
Shareholders' equity:		
Shareholders' capital	100,247	100,109
Contributed surplus	993	892
Accumulated deficit	(72,568)	(71,043)
Total shareholders' equity	28,672	29,958
Total capitalization (total debt plus shareholders' equity, net of cash balances)	$ 31,802	$ 27,641

The Corporation manages the capital structure through prudent levels of borrowing, cash-flow forecasting, and working capital management, and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Corporation may issue new shares, issue new debt, acquire or dispose of assets or adjust the amount of cash and cash equivalents. In order to facilitate the management of its capital requirements, the Corporation prepares annual expenditure budgets, which are approved by the Board of Directors. These budgets are updated as necessary depending on various factors, including capital deployment, results from operations, and general industry conditions.

In addition, the Corporation monitors its capital using ratios of (i) earnings before interest, taxes, depreciation and amortization ("EBITDA") to long-term debt and (ii) EBITDA to interest, debt repayments and dividends. EBITDA to interest, debt repayments and dividends is calculated by dividing the combined interest, debt repayments and dividend amounts by EBITDA and EBITDA to long-term debt is calculated by dividing long-term debt by EBITDA.

These capital policies, which remain unchanged from prior periods, provide Big Rock with access to capital at a reasonable cost.

18. CHANGE IN NON-CASH WORKING CAPITAL

	Three months ended March 31	
	2014	2013
Accounts payable and accrued liabilities	$ (2,917)	$ (349)
Inventory	(1,162)	(247)
Accounts receivable	(100)	47
Prepaid expenses	(329)	43
Total change in non-cash working capital	$ (4,508)	$ (506)

19. SEGMENTED INFORMATION

The Corporation conducts its business as a single operating segment being the producer of craft beer and cider in Canada. All property, plant and equipment are situated in Canada. Investment revenues were earned from domestic sources.

20. LEASES

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement at the inception date, whether fulfillment of the arrangement is dependent on the use of a specific asset or the arrangement conveys a right to use an asset. Leases which transfer substantially all the risks and benefits of ownership to Big Rock are classified as finance leases. The leased asset is recognized at the lower of the fair value of the leased property or the present value of the minimum lease payments. Finance assets are depreciated over the shorter of the estimated useful life of the asset and the lease term. Other leases are classified as operating leases and payments are amortized on a straight-line basis over the lease term.

Minimum lease payments

Big Rock has entered into lease agreements for premises for periods ranging from 2014 to 2024. Certain leases contain extension and renewal options. The future minimum annual lease payments for these lease commitments, classified as operating leases, are:

Less than one year	$ –
One to five years	16
After five years	283
Total	$ 299

21. SUBSEQUENT EVENT

On April 10, 2014, Big Rock closed an equity offering to sell 799,250 common shares at $17 per share for gross proceeds of $13.6 million. Share issue costs have been estimated at $1.0 million, which results in net proceeds of $12.6 million.

22. APPROVAL OF THE FINANCIAL STATEMENTS

The Financial Statements of Big Rock Brewery Inc. for the three months ended March 31, 2014 were approved and authorized for issue by the Audit Committee on May 12, 2014.