BIG ROCK BREWERY INC.
QUARTERLY REPORT

FIRST QUARTER 2012 HIGHLIGHTS

$ thousands (unless otherwise stated)	Three months ended March 31 2012	2011
Sales volumes (hectolitres or hl)	47,567	41,993
Net revenue	9,602	8,802
Operating profit (loss)	80	(7)
Net income (loss)	108	(26)
Earnings per share (basic and diluted)	$ 0.02	$ 0.00

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, 2012, as compared to the same period in 2011.

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, 2012 (the "Financial Statements") and in conjunction with the December 30, 2011 audited consolidated financial statements and MD&A contained within our 2011 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 3, 2012.

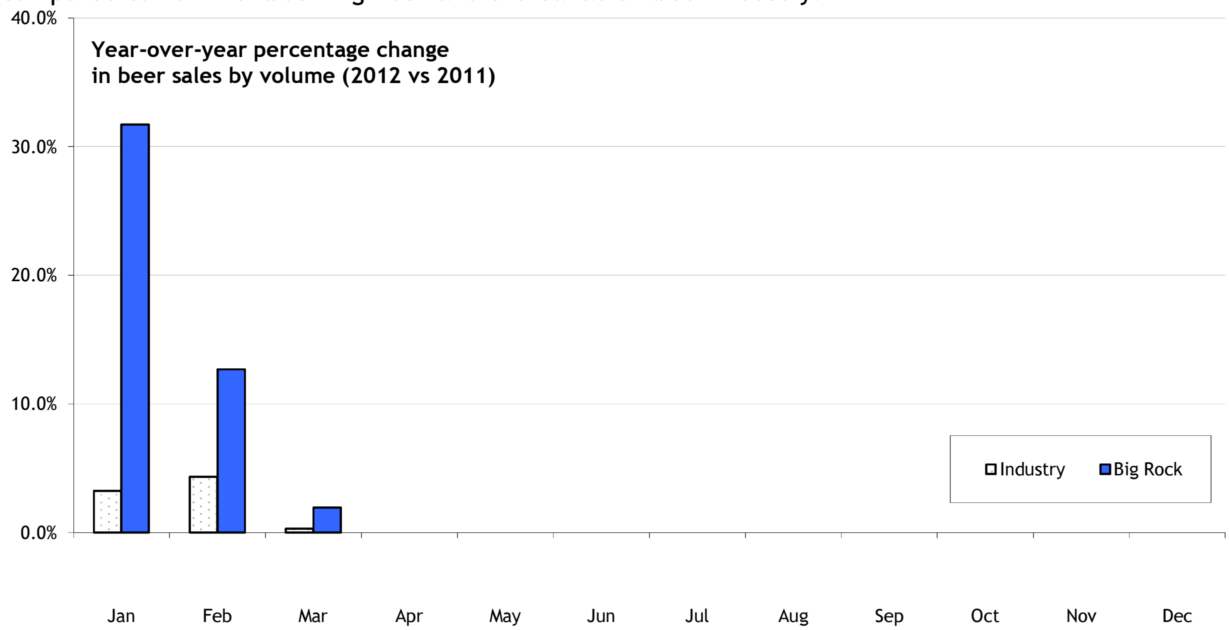
CORPORATE PROFILE

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 twelve ales and lagers, Rock Creek dry apple cider, as well as an ongoing selection of seasonal beers. The Corporation also produces premium private label products for key retail and on premise accounts.

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 and Manitoba, sales staff and agents in Ontario and an agency arrangement for product sales in the Atlantic Provinces. Big Rock products are sold in nine provinces and three territories in Canada and its products are exported to Korea and to Canadian Embassies throughout the world.

INDUSTRY TRENDS AND INDICATORS

The graph below illustrates the change in monthly sales volumes for January through March 2012 compared to 2011 for both Big Rock and the Canadian beer industry.



Source: Brewers Association of Canada, Domestic Sales Bulletin (excludes Newfoundland 2012 volumes which were unavailable at May 2, 2012)
- May 2012

For the three months ended March 31, 2012, Big Rock's sales volumes increased 13.3% while the Canadian industry beer sales increased 2.6%. Management believes the general trends in Big Rock's and the industry's performances are attributable to above average growth in the value-priced beer category.

SELECTED QUARTERLY FINANCIAL INFORMATION

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

	2012	2011				2010		
$ thousands (unless otherwise stated)	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Sales volumes (hl)	47,567	48,961	69,540	60,479	41,993	47,315	58,151	57,832
Net sales revenue	9,602	10,023	14,019	12,339	8,802	9,880	12,234	12,471
Operating profit (loss)	80	1,140	1,434	776	(7)	(345)	1,829	1,405
Net income (loss)	108	856	1,084	619	(26)	270	1,855	2,670
Earnings per share (basic and diluted)	$ 0.02	$ 0.14	$ 0.18	$ 0.10	$ 0.00	$ 0.04	$ 0.31	$ 0.45
Dividends per share	$ 0.20	$ 0.20	$ 0.20	$ 0.20	$ 0.20	$ 0.30	$ 0.30	$ 0.30

Big Rock experiences seasonal fluctuations in volumes, net sales revenue and net earnings 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 increased 13.3% for the three months ended March 31, 2012 as compared to the same period last year, Big Rock's net revenue for the three months ended March 31, 2012 increased 9.1% to $9,602 compared to $8,802 in 2011. The smaller increase in net revenue compared to product volumes was a result of lower net sales revenues per hectolitre attributed to a change in product mix.

Net income for the first quarter of 2012 increased to $108 compared to a net loss of $26 for the same period in 2011. Management believes operating profit to be a more meaningful comparison to assess the Corporation's performance. For the three months ended March 31, 2012, operating profit totalled $80 compared to an operating loss of $7 for the same period last year. The increased operating profit was driven by higher sales volumes and lower cost of goods sold per hl, offset partially by higher general and administrative costs.

Gross Profit

	Three months ended March 31		
$ thousands (unless otherwise stated)	2012	2011	Change
Net sales revenue	9,602	8,802	800
Cost of sales:			
Ingredients and packaging materials	2,362	2,155	207
Labour	1,110	961	149
Overhead	490	742	(252)
Inventory movement	5	(215)	220
Depreciation	714	840	(126)
Cost of sales	4,681	4,483	198
Gross profit	4,921	4,319	602
Sales volumes (hl)	47,567	41,993	5,574

Net sales revenues include product sales for beer and cider. As noted earlier, Big Rock experiences seasonal fluctuations in sales volumes, net sales revenue and net earnings with the second and third quarters typically being the highest and the first and fourth quarters being the lowest. These seasonal variations are dependent on numerous factors, including: weather, historical consumer behaviour, and a cultural association of beer with outdoor activities and sporting events.

For the three months ended March 31, 2012, net sales revenue increased $800 (9.1%) compared to the same period of 2011. The increase was primarily attributable to higher sales volumes, which increased 13.3% to 47,567 hl from 41,993 hl. The volume growth occurred predominantly in the value-priced segment, which was fuelled by growth in retail channels, but there was also moderate growth in signature brands. Sales revenues have not increased to the same extent as sales volumes when compared to the same quarter last year, as the higher proportion of value-priced product has resulted in a decline in overall revenue per hl.

Although the biggest area of growth in volumes was the value-priced category, Big Rock also saw sales volumes increase in its signature brands, including IPA and the latest offering from the innovation program, Dunkelweizen. Management believes the improvement in its first quarter sales volumes is the result of continued focus on opportunities to capture sustainable market share as well as innovation in Big Rock's product assortment, including the Brewmaster's Edition of beer. Product innovation continues to be a key element of Big Rock's future growth strategy.

Geographically, Alberta and British Columbia continued to lead the growth in sales volumes, consistent with management's focus on the western provinces.

For the three months ended March 31, 2012, total cost of sales increased by $198 compared to the same period last year, as described below:

- For the quarter ended March 31, 2012, costs relating to ingredients and packaging materials increased $207 due primarily to higher production volumes.

- Big Rock's labour costs relating to production are primarily fixed in nature. When compared to the same period in 2011, labour charges for the first quarter of 2012 increased $149, due to higher accruals under the Corporation's incentive program, annual salary increases and a slight increase in overtime costs.

- Overhead costs include utilities, repairs and maintenance and other production related amounts, which are primarily fixed in nature. Overhead costs at March 31, 2012 decreased by $252 compared to the three months ended March 31, 2011, due primarily to a refund on 2011 utilities.

- 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 earnings for those costs as finished goods inventory is sold. For the three months ended March 31, 2012, charges relating to inventory movement increased by $220 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. Cost of sales for the three months ended March 31, 2012 included a reduction in costs of $55 (2011 - $30), relating to depreciation included in beginning finished goods inventory.

On a per hectolitre basis, cost of sales decreased by $8.35 per hl (7.8%) for the three months ended March 31, 2012 compared to the same period in 2011. Reduced overheads, decreased impact of inventory movement and lower depreciation charges were the primary drivers of the decrease, as detailed in the following table:

Per hectolitre cost of sales

	Three months ended March 31		
	2012	2011	Change
Cost of sales:			
Ingredients and packaging materials	49.65	51.66	(2.01)
Labour	23.34	22.88	0.46
Overhead	10.30	17.67	(7.37)
Inventory movement	0.11	(5.45)	5.56
Depreciation	15.01	20.00	(4.99)
Cost of sales	98.41	106.76	(8.35)

Selling expenses

$ thousands (unless otherwise stated)	Three months ended March 31 2012	2011	Change
Selling:			
Delivery and distribution	951	838	113
Salaries and benefits	990	960	30
Trade marketing	277	299	(22)
Regional sales expenses	826	858	(32)
Community sponsorship and other	107	110	(3)
Total selling expenses	3,151	3,065	86

For the three months ended March 31, 2012, selling expenses increased by $86 compared with the same period last year, as detailed below:

- Delivery and distribution costs increased primarily as a result of higher volumes delivered in the quarter compared to the same period last year. Delivery costs also reflect the impact of an increase in fuel surcharges as well as a higher proportion of sales volumes in northern Alberta.

- Salaries and benefit costs increased by $30 for the first quarter due primarily to higher accruals under the annual incentive plan and annual salary increases, partially offset by lower headcount.

- Trade marketing decreased $22 primarily as a result of the timing of expenditures, particularly in the areas of point of sale promotional materials, marketing research, consultants and advertising.

- Regional sales expenses decreased due mainly to reduced spending on promotional beer and lower costs associated with stale product returns, partially offset by higher spending on sales programs, particularly in retail and on premise channels.

- Community sponsorship and other expenses for the three months ended March 31, 2012 were in line with spending in the first quarter of 2011.

General and Administrative expenses

$ thousands (unless otherwise stated)	Three months ended March 31 2012	2011	Change
General and Administrative:			
Salaries and benefits	1,068	583	485
Professional fees	196	228	(32)
Building maintenance and taxes	128	126	2
Office, administrative and other	107	109	(2)
Reporting and filing fees	26	62	(36)
Insurance	52	46	6
Bank charges	25	15	10
Total general and administrative expenses	1,602	1,169	433

For the three months ended March 31, 2012, general and administrative expenses increased by $433 compared with the same period last year as detailed below:

- Salaries and benefit costs increased by $485 for the three months ended March 31, 2012 as compared to the same period in 2011 due largely to one-time items, including severance payments, recruiting costs and a change in timing of the annual employee service awards, which in prior years were held during the third quarter. Increases were also experienced due to higher stock compensation expenses, annual salary increases and higher accruals under the annual incentive program.

- Professional fees, which include legal, audit, tax and accounting advisory services, were $32 lower for the first quarter compared to the same three months last year, which had included charges relating to work performed on Big Rock's corporate conversion and consulting fees associated with the transition to IFRS.

- Office, administration and other, which include IT related amounts, memberships, dues and licenses, travel and automotive costs, and corporate hospitality remained fairly consistent for the three months ended March 31, 2012 compared to the same period last year.

- Reporting and filing fees for the three months ended March 31, 2012 were lower than in the first quarter of 2011, which included costs associated with Big Rock's conversion to a corporation on January 1, 2011.

- Insurance expense in the current quarter was slightly higher than for the same period in 2011 due to timing of vehicle insurance.

- Bank charges were higher by $10 for the three months ended March 31, 2012 when compared to the same period last year as a result of fees associated with the January 2012 extension of the credit facility for capital expenditures.

Finance costs

	Three months ended March 31		
$ thousands (unless otherwise stated)	2012	2011	Change
Interest on long-term debt	27	35	(8)
Interest on operating facility	0	2	(2)
Total finance costs	27	37	(10)
Weighted average effective interest rate	4.28%	4.23%	

The principal amount of long-term debt was $2,508 as at March 31, 2012 compared to $3,208 as at March 31, 2011. 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, 2012 compared to the same period last year reflects the impact of lower average borrowings.

Depreciation and amortization

	Three months ended March 31		
$ thousands (unless otherwise stated)	2012	2011	Change
Depreciation included in cost of sales	714	840	(126)
Depreciation - other	68	66	2
Amortization	20	26	(6)
Total	802	932	(130)

For the three months ended March 31, 2012, depreciation expense included in cost of sales decreased by $126 compared with the same period last year due to the timing of a true-up on component calculations in 2011. Amortization expenses decreased by $6 compared with the corresponding periods last year for the same reason. Amortization relates to intangible assets, which include software, naming rights and website costs.

Other

$ thousands (unless otherwise stated)	Three months ended March 31 2012	2011	Change
Other income	81	87	(6)
Other expenses	28	28	0

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 2012	2011	Change
Deferred income tax expense (recovery)	(25)	41	(66)
Current income tax expense (recovery)	22	—	22

During the three months ended March 31, 2012, the Corporation recorded a recovery of deferred income taxes of $25, compared to deferred income tax expense of $41 for the same period last year.

The deferred income tax provision differs from the statutory rate of 25.12% (2011 - 26.66%) 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.

Current income tax expenses of $22 were recorded for the three months ended March 31, 2012 (2011 – nil). These taxes arise from the transitional provisions on the taxation of partnership deferral structures.

FINANCIAL CONDITION

The following chart highlights significant changes in the Consolidated Balance Sheets from December 30, 2011 to March 31, 2012:

$ thousands (unless otherwise stated)	**Increase/ (Decrease)**	**Primary factors explaining change**
Property, plant and equipment	(119)	Depreciation charge, net of asset additions
Intangible assets	(19)	Amortization charge
Inventories	(301)	December 30, 2011 build-up of inventories was drawn down in the first quarter of 2012
Accounts receivable	(931)	Fewer days sales outstanding from AGLC in March 2012 compared to December 2011
Prepaid expenses and other	199	Timing of sponsorships, trade shows and purchases of promotional materials
Long-term debt	(175)	Regular repayments of term loan
Deferred income taxes	(25)	Tax effect of changes in temporary differences
Accounts payable and accrued liabilities	(298)	Reduced supplier payments relating to lower volumes for the first quarter of 2012 versus the fourth quarter of 2011 net of increase in current taxes payable
Share based payments liability	125	New share appreciation rights plan in the first quarter of 2012

LIQUIDITY AND CAPITAL RESOURCES

Capitalization

$ thousands (unless otherwise stated)	March 31, 2012	December 30, 2011
Bank indebtedness (cash)	(465)	(655)
Total debt	2,508	2,683
Shareholders' equity:		
Shareholders' capital	99,954	99,954
Contributed surplus	632	517
Accumulated deficit	(69,126)	(68,022)
Total shareholders' equity	31,460	32,449
Total capitalization (total debt plus shareholders' equity, net of cash balances)	33,503	34,477
Total debt to capitalization ratio	7.5%	7.8%

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) debt to total capitalization, (ii) working capital, and (iii) earnings before interest, taxes, depreciation and amortization (EBITDA) to long-term debt. Debt to total capitalization is calculated as long-term debt, including current portion, plus bank indebtedness, divided by total capital. Working capital is calculated as current assets divided by current liabilities and EBITDA to long-term debt is calculated by dividing long-term debt by EBITDA. Both working capital and EBITDA to long-term debt are used for compliance with debt covenants. See "Financing Activities" for a reconciliation of EBITDA to net income (loss), which is the most similar IFRS measure.

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

All of the borrowing facilities have financial tests and other covenants customary for these types of facilities, which are discussed later in this MD&A, and must be met at each reporting date. At March 31, 2012 and December 30, 2011, Big Rock was in compliance with all of its debt covenants.

Shareholders' Capital

	# of shares	$ Amount
As at March 31, 2012 and December 30, 2011	6,057,678	99,954

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 3, 2012 there were 6,057,678 issued and outstanding shares and the closing price was $13.86 per share. Based upon 6,057,678 issued shares, the Corporation has an approximate market capitalization of $84.0 million.

Share Based Compensation Plan

During the three months ended March 31, 2012, the Corporation granted 58,500 (three months ended March 31, 2011 – 58,000) stock options to officers, employees and directors at an exercise price of $13.45 with an expiry date of March 20, 2017. The weighted average fair value of the options issued during the three months ended March 31, 2012 was estimated at $1.97 per option at the grant date using the Black-Scholes option pricing model.

The weighted average assumptions used for the calculation were:

	March 2012	December 2011	August 2011	March 2011	August 2010	October 2007
Weighted average fair value per option	**1.97**	1.44	1.03	1.95	1.15	1.85
Risk-free interest rate (%)	**1.47**	1.17	1.48	2.30	1.80	5.00
Expected life of the options (years)	**4**	4	4	4	4	2
Dividend rate (%)	**5.71**	6.43	6.73	4.80	7.10	8.00
Volatility in the price of the Corporation's shares (%)	**28.5**	28.5	23.4	23.5	22.0	27.0

A share-based compensation charge of $115 for the options granted in the three months ended March 31, 2012 (2011 - $113) 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:

	2012		2011	
	# of options	Weighted average exercise price	# of options	Weighted average exercise price
Balance, January 1	354,000	$ 15.50	262,000	$ 15.84
Forfeited	(117,000)	$ 15.26	—	—
Exercised	—	—	—	—
Issued	58,500	$ 13.45	58,000	$ 16.60
Balance, March 31	295,500	$ 15.19	320,000	$ 16.31

The following table summarizes information about stock options at March 31, 2012:

Exercise price	# of Options outstanding and exercisable at March 31, 2012	Weighted average remaining contractual life (years)	Weighted average exercise price
$11.88 to $15.25	123,000	4.68	$ 12.70
$15.26 to $17.71	152,500	3.59	$ 16.87
$17.72	20,000	0.50	$ 17.72
Balance, March 31	295,500	3.84	$ 15.19

On April 1, 2006 the Corporation introduced a stock appreciation rights ("SAR") plan to be used as a basis for incentive compensation to employees. These SARs vested after a three year period beginning April 1, 2006 and are exercisable for three years thereafter at a price of $17.00 per share (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 compensation expense.

In March 2012, the Corporation introduced a new SAR plan. These SARs vest immediately and are exercisable for five years thereafter. The SARs granted in March 2012 have an exercise price of $12.51 (to be settled in cash).

As at March 31, 2012, 267,300 SARs were outstanding (December 30, 2011 – 227,000). During the three months ended March 31, 2011, 52,300 SARs were issued (2011 – nil), no SARs were exercised (2011 – nil) and 12,000 SARs expired (2011 – 199,250). As at March 31, 2012, the fair value of the SARs was calculated per the Black Scholes model and resulted in a liability of $126 being recorded in the Financial Statements (December 30, 2011 - $nil).

Cash Flows

Cash Provided by Operating Activities

Cash provided by operating activities for the three months ended March 31, 2012 totalled $1,801, an increase of $2,127 compared to the same period last year, mainly as a result of the change in non-cash working capital.

Investing Activities

For the three months ended March 31, 2012, capital spending, net of dispositions, was $604 compared to $565 for the same period in 2011. Capital spending, net of dispositions included $328 (2011 – $100) for new kegs, $127 (2011 – $203) for glass containers, $78 (2011 – $124) for the purchase of new vehicles, $23 (2011 – $137) for brewing and packaging equipment, $40 (2011 – $1) relating to buildings and warehouses and $8 (2011 – $nil) for the purchase of office furniture and equipment.

Financing Activities

Cash used in financing activities for the three months ended March 31, 2012 increased by $606 compared with the same period in 2011. The increase is a result of having one month of 2010 distributions paid in the first quarter of 2011 versus one full quarter of dividends in the first quarter of 2012.

On April 30, 2010, Big Rock renewed its $5.0 million demand operating facility with the Corporation's financial institution for a term of three years. The facility is secured through a general assignment of Big Rock's assets and bears interest at prime plus one per cent. The facility imposes a number of positive and negative covenants on Big Rock including the maintenance of certain financial ratios. Other than the term, all conditions imposed on the facility remained unchanged on renewal.

The balance drawn against the facility fluctuates depending on working capital requirements. At March 31, 2012, there was no balance owing on this facility (December 30, 2011 - nil).

On October 28, 2010, the Corporation renewed the term financing for a period of five years. The loan is repayable in blended instalments of approximately $65.5 thousand per month, including interest at the financial institution's prime rate plus 1.25 per cent.

Big Rock also signed a $6.5 million credit facility which is available in two tranches of $2.0 million each and one tranche of $2.5 million to finance capital asset expansions. Once advances under a tranche total $2.0 million or $2.5 million as outlined above, the respective tranche will convert to a reducing term loan. Until such time as the facility is converted, interest will be payable at ATB's prime plus 1.25 per cent. Following conversion, the term loans will be amortized over periods up to 10 years, with terms ranging from 1 to 5 years. Undrawn amounts under the facility expire on May 30, 2012, if not extended.

The facility imposes a number of positive and negative covenants on Big Rock including the maintenance of certain financial ratios including, (i) working capital, and (ii) earnings before interest, taxes, depreciation and amortization (EBITDA) to long-term debt. Working capital is calculated by dividing current assets by current liabilities and EBITDA to long-term debt is calculated by dividing long-term debt by EBITDA.

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, 2012	March 31, 2011
EBITDA	$ 935	$ 984
Deduct: Depreciation & Amortization	802	932
Earnings (loss) before interest and taxes	133	52
Deduct: Interest	28	37
Deduct: Income tax charge (add: recovery)	(3)	41
Net income (loss)	$ 108	$ (26)

At March 31, 2012 and December 30, 2011, Big Rock was in compliance with all of its debt covenants.

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 2012:

	2012			2011		
	Record Date	Payment Date	Per Unit	Record Date	Payment Date	Per Unit
March	30-Mar	16-Apr	$0.20	31-Mar	15-Apr	$0.20
Total			$0.20			$0.20

Dividends for the three months ended March 31, 2012 totalled $1,212 ($0.20 per unit), which was equivalent to the dividends incurred during the same period in 2011. 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. Dividend amounts 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 performance of the business.

CRITICAL ACCOUNTING ESTIMATES

Returnable Glass Containers

Returnable glass containers are initially recorded at cost. In order to account for wear and shrinkage, the cost of bottles is charged to operations over the estimated useful life of five years. The Corporation has purchased $3,027 (December 30, 2011 - $2,900) of returnable glass containers since converting to the Industry Standard Bottle in early 2002. The net book value of returnable glass containers as at March 31, 2012 is $794 (December 30, 2011 - $762).

Stock-based compensation

The Corporation recognizes compensation expense when options with no cash settlement feature are granted to employees and directors under the option plan. Stock based compensation expense recognized during the three months ended March 31, 2012 was $241 (2011 – $113) 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 revenues.

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 brands now available, and the advertising initiatives of the major breweries, it is likely that price promotions due to competitive pressures will continue. Big Rock believes it is in an excellent position to increase sales volumes; however, the selling price may vary more frequently due to these increasing competitive pricing pressures.

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.

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 and Management

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 and Management

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 and Management

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 and Management

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, 2012 was 4.28% (2011 – 4.23%).

Foreign Exchange Risk & Management

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 23, 2012 that is available on www.sedar.com.

RELATED PARTY TRANSACTIONS

Related party transactions are included in selling expenses and relate to the engagement of a consultant, related to the Chief Executive Officer, to coordinate work on special projects undertaken by the Corporation in the normal course of business. The value of transactions for the three months ended March 31, 2012 total $36 (2011 - $36). As at March 31, 2012 no amounts were owing to the consultant (December 30, 2011 - $10).

In January 2012, a company controlled by the Chairman of Big Rock commenced providing temporary general labour services to the Corporation in the normal course of business. The value of transactions for the three months ended March 31, 2012 total $3 (2011 - $nil). As at March 31, 2012 no amounts were owing to the related party.

These transactions are carried out at market rates and have been recorded at the exchange amount.

FUTURE ACCOUNTING PRONOUNCEMENTS

IFRS Policies

The Corporation's interim financial statements as at and for the three months ended March 31, 2012 and 2011 and the statements of financial position as at January 1 and December 30, 2011, respectively, have been prepared using the IFRS standards and interpretations currently issued and expected to be effective at December 30, 2012. 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, 2012 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 Changes

The IASB has issued the following pronouncements:

- IFRS 9 *Financial Instruments* which replaces IAS 39 *Financial Instruments: Recognition and Measurement*.
- IFRS 10 *Consolidated Financial Statements* which replaces portions of IAS 27 *Consolidated and Separate Financial Statements* and Interpretation SIC 12 *Consolidation – Special Purpose Entities*. In addition, IASB has re-issued *IAS 27 Separate Financial Statements* as a result of IFRS 10 noted above. IAS 27 will only apply when an entity prepares separate financial statements for its interests in subsidiaries, joint ventures and associates.
- IFRS 12 *Disclosure of Interests in Other Entities* which includes disclosure requirement about subsidiaries, joint ventures and associates, as well as unconsolidated structured entities and replaces existing disclosure requirements.
- IFRS 13 *Fair Value Measurement* establishes a single source of guidance for fair value measurements, which fair value is required or permitted under IFRS.

The above pronouncements shall be applied to annual periods beginning on or after January 1, 2013 with early adoption permitted.

Big Rock has not early adopted these standards, amendments and interpretations; 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, subject to the inherent limitations noted above, the Corporation's disclosure controls and procedures are effective as of March 31, 2012.

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 third quarter ended March 31, 2012, 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, 2012, the CEO and CFO have concluded that the Corporation's ICFR were effective as at that date. In addition, there were no material changes to Big Rock's internal controls over financial reporting since the most recent interim period.

OUTLOOK

Contrary to stagnant or declining trends across the domestic beer industry, Big Rock has been able to increase its 2012 volumes compared to 2011 and management expects consumer demand for its products to remain positive throughout the remainder of the year. In response to consumer-driven demand, management will continue to invest in targeted marketing opportunities to create brand awareness. The innovation program continues to provide additional great beers to the Big Rock portfolio, which will further contribute to sustained volume growth throughout 2012.

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 – all of which are intended to maximize profit margins and deliver stable returns to our shareholders.

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:

- 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:

- 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 2011 Annual Information Form (as filed on SEDAR on March 20, 2012). 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, 2011, 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	
	2012	2011
Net revenue (Note 3)	$ 9,602	$ 8,802
Cost of sales (Note 4)	4,681	4,483
Gross profit	4,921	4,319
Expenses		
Selling expenses (Notes 5 and 20)	3,151	3,065
General and administrative (Note 6)	1,602	1,169
Depreciation and amortization (Note 9)	88	92
Operating expenses	4,841	4,326
Operating profit (loss)	80	(7)
Finance costs (Note 7)	28	37
Other income	81	87
Other expenses	28	28
Income before income taxes	105	15
Current income tax expense	22	-
Deferred income tax expense (recovery)	(25)	41
Net income (loss) and comprehensive income (loss) for the period	$ 108	$ (26)

Net income (loss) per share (Note 8)		
Basic and diluted	$ **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, 2012	December 30, 2011
ASSETS		
Non-current assets		
Property, plant and equipment (Note 9)	$ 36,755	$ 36,874
Intangible assets	188	207
	36,943	37,081
Current		
Inventories (Note 10)	4,128	4,429
Accounts receivable (Note 11)	1,857	2,788
Prepaid expenses and other (Note 12)	416	217
Cash	465	655
	6,866	8,089
Total assets	$ 43,809	$ 45,170
LIABILITIES AND SHAREHOLDERS' EQUITY		
EQUITY		
Shareholders' capital (Note 13)	$ 99,954	$ 99,954
Contributed surplus (Notes 13 and 14)	632	517
Retained earnings	(69,126)	(68,022)
	31,460	32,449
LIABILITIES		
Non-current		
Long term debt (Notes 15 and 18)	1,808	1,983
Share based payment liabilities (Note 14)	125	—
Deferred income taxes	5,138	5,163
	7,071	7,146
Current		
Accounts payable and accrued liabilities (Note 16)	3,344	3,663
Dividends payable (Note 17)	1,212	1,212
Current portion of long-term debt (Notes 15 and 18)	700	700
Current taxes payable	22	—
	5,278	5,575
Total liabilities and shareholders' equity	$ 43,809	$ 45,170

See accompanying notes to the condensed interim consolidated financial statements

	"signed"	**"signed"**
On behalf of the Board:	Ed. E. McNally	Michael G. Kohut
	Director	Director

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

	Three months ended March 31	
	2012	2011
OPERATING ACTIVITIES		
Net loss for the period	$ 108	$ (26)
Items not affecting cash:		
Depreciation and amortization	802	932
Gain on sale of assets	(4)	(2)
Stock-based compensation	241	113
Deferred income tax expense (recovery)	(25)	41
	1,122	1,058
Net change in non-cash working capital related to operations (note 21)	679	(1,384)
Cash provided by (used in) operating activities	1,801	(326)
FINANCING ACTIVITIES		
Dividend payments	(1,212)	(606)
Principal repayments of long-term debt	(175)	(175)
Cash used in financing activities	(1,387)	(781)
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(608)	(567)
Net change in non-cash working capital related to investing	-	48
Proceeds from sale of equipment	4	2
Cash used in investing activities	(604)	(517)
Net decrease in cash	(190)	(1,624)
Cash, beginning of period	655	769
Cash (bank indebtedness), end of period	$ 465	$ (855)

Supplemental cash-flow information		
Cash interest paid	$ 39	$ 37
Cash taxes paid	$ —	$ —

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)

	Share Capital	Contributed Surplus	Retained earnings	Total
Balance as at December 31, 2010	99,954	—	(65,709)	34,245
Stock options issued on Corporate conversion	—	331	—	331
Share-based payments	—	113	—	113
Total comprehensive loss for the three months ended March 31, 2011	—	—	(26)	(26)
Dividends declared for the three months ended March 31, 2011	—	—	(1,211)	(1,211)
Balance as at March 31, 2011	99,954	444	(66,946)	33,452
Share-based payments for the remainder of the year ended December 30, 2011	—	73	—	73
Total comprehensive income for the remainder of the year ended December 30, 2011	—	—	2,559	2,559
Dividends declared for the remainder of the year ended December 30, 2011	—	—	(3,635)	(3,635)
Balance as at December 30, 2011	99,954	517	(68,022)	32,449
Share-based payments	—	115	—	115
Total comprehensive income for the three months ended March 31, 2012	—	—	108	108
Dividends declared for the three months ended March 31, 2012	—	—	(1,212)	(1,212)
Balance as at March 31, 2012	$ 99,954	$ 632	$ (69,126)	$ 31,460

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 nine provinces and three territories in Canada, as well as exported to Korea and select Canadian embassies. 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 2011 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:

- IFRS 9 *Financial Instruments* which replaces IAS 39 *Financial Instruments: Recognition and Measurement*.

- IFRS 10 *Consolidated Financial Statements* which replaces portions of IAS 27 *Consolidated and Separate Financial Statements* and Interpretation SIC 12 *Consolidation – Special Purpose Entities*. In addition, IASB has re-issued *IAS 27 Separate Financial Statements* as a result of IFRS 10 noted above. IAS 27 will only apply when an entity prepares separate financial statements for its interests in subsidiaries, joint ventures and associates.

- IFRS 12 *Disclosure of Interests in Other Entities* which includes disclosure requirement about subsidiaries, joint ventures and associates, as well as unconsolidated structured entities and replaces existing disclosure requirements.

- IFRS 13 *Fair Value Measurement* establishes a single source of guidance for fair value measurements, which fair value is required or permitted under IFRS.

The above pronouncements shall be applied to annual periods beginning on or after January 1, 2013 with early adoption permitted.

Big Rock has not early adopted these standards, amendments and interpretations; 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

Big Rock recognizes net sales revenues on product sales at the time the product is shipped and when the following conditions exist: title has passed to the purchaser according to the shipping terms, the price is fixed and reasonably determinable and collection of the sales proceeds is reasonably assured.

	Three months ended March 31	
	2011	2011
Gross Product Revenues	$ 12,337	$ 10,886
Excise Taxes	(1,163)	(703)
AGLC Commissions	(1,583)	(1,388)
British Columbia Cost of Service	11	7
Net Revenue	$ 9,602	$ 8,802

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.

Product which has passed its expiration date for freshness, or has been damaged, and is returned by distributors is accepted and destroyed.

Big Rock experiences season fluctuations in volumes, net sales revenue and net earnings 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, especially in western Canada.

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	
	2012	2011
Operating expenses	$ 3,967	$ 3,643
Depreciation and amortization	714	840
Cost of sales	$ 4,681	$ 4,483

5. SELLING EXPENSES

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

	Three months ended March 31	
	2012	2011
Delivery and distribution costs	$ 951	$ 838
Salaries and benefits	990	960
Trade marketing	277	299
Regional selling	826	858
Community sponsorship and other	107	110
Selling expenses	$ 3,151	$ 3,065

6. GENERAL AND ADMINISTRATIVE EXPENSES

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

	Three months ended March 31	
	2012	2011
Salaries and benefits (1)	$ 1,068	$ 583
Professional fees	196	228
Reporting and filing fees	26	62
Insurance	52	46
Building maintenance and taxes	128	126
Bank charges	25	15
Office, administrative and other	107	109
General and administrative expenses	$ 1,602	$ 1,169

(1) Salaries and benefits included stock-based compensation of $241 (2010 – $113).

7. FINANCE COSTS

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

	Three months ended March 31	
	2012	2011
Interest on long-term debt	$ 28	$ 35
Interest on operating facility	–	2
Finance costs	$ 28	$ 37

8. EARNINGS (LOSS) PER SHARE

The calculation of basic and diluted earnings (loss) per share for the relevant periods is based on the following data:

	Three months ended March 31	
Basic	2012	2011
Net income (loss)	$ 108	$ (26)
Shares outstanding, beginning of the period	6,057,678	6,057,678
Weighted average # of shares issued during the period ended March 31	–	–
Basic and fully-diluted shares outstanding, end of period	6,057,678	6,057,678
Earnings (loss) per share – basic	$ 0.02	$ –

	Three months ended March 31	
Diluted	2012	2011
Net income (loss)	$ 108	$ (26)
Basic # shares outstanding during the period	6,057,678	6,057,678
Weighted average # of shares issued during the period ended March 31	4,357	–
Basic and fully-diluted shares outstanding, end of period	6,062,035	6,057,678
Earnings (loss) per share – diluted	$ 0.02	$ –

For the three months ended March 31, 2011, potential shares from all outstanding stock options have been excluded from the calculation of diluted loss per share, as their inclusion is considered anti-dilutive in periods when a loss is incurred.

9. PROPERTY, PLANT AND EQUIPMENT

The Property, plant and equipment for the Corporation is broken down as follows:

	Land	Buildings	Machinery and equipment	Mobile equipment	Office furniture and equipment	Leasehold improvements	Returnable containers	Total
Cost								
As at December 31, 2010	$ 8,365	$ 10,903	$ 20,039	$ 559	$ 348	$ 212	$ 1,298	$ 41,724
Quarter ended March 31, 2011								
Additions	—	1	137	126	—	—	303	567
Disposals	—	—	—	(12)	—	—	—	(12)
As at March 31, 2011	8,365	10,904	20,176	673	348	212	1,601	42,279
Balance of year								
Additions	—	56	399	38	9	—	328	830
Disposals	—	—	(1)	(87)	—	—	—	(88)
As at December 30, 2011	8,365	10,960	20,574	624	357	212	1,929	43,021
Quarter ended March 31, 2012								
Additions	—	40	23	82	8	—	455	608
Disposals	—	—	—	(46)	—	—	—	(46)
As at March 31, 2012	$ 8,365	$ 11,000	$ 20,597	$ 660	$ 365	$ 212	$ 2,384	$ 43,583

	Land	Buildings	Machinery and equipment	Mobile equipment	Office furniture and equipment	Leasehold improvements	Returnable containers	Total
Accumulated amortization								
As at December 31, 2010	$ —	$ 275	$ 2,408	$ 37	$ 41	$ 15	$ 353	$ 3,129
Quarter ended March 31, 2011								
Charge for the period	—	71	645	37	14	4	145	916
Eliminated on disposals	—	—	—	(12)	—	—	—	(12)
As at March 31, 2011	—	346	3,053	62	55	19	498	4,033
Balance of year								
Charge for the period	—	204	1,544	123	34	11	280	2,196
Eliminated on disposals	—	—	—	(82)	—	—	—	(82)
As at December 30, 2011	—	550	4,597	103	89	30	778	6,147
Quarter ended March 31, 2012								
Charge for the period	—	69	471	43	13	4	127	727
Eliminated on disposals	—	—	—	(46)	—	—	—	(46)
As at March 31, 2012	$ —	$ 619	$ 5,068	$ 100	$ 102	$ 34	$ 905	$ 6,828

	Land	Buildings	Machinery and equipment	Mobile equipment	Office furniture and equipment	Leasehold improvements	Returnable containers	Total
Net book value								
As at December 30, 2011	$ 8,365	$ 10,410	$ 15,977	$ 521	$ 268	$ 182	$ 1,151	$ 36,874
As at March 31, 2012	$ 8,365	$ 10,381	$ 15,529	$ 560	$ 263	$ 178	$ 1,479	$ 36,755

For the three months ended March 31, 2012 and 2011, there were no indicators of impairment in the carrying value of the Corporation's PP&E. Accordingly no provisions have been recorded in these Financial Statements.

10. INVENTORIES

The inventories for the Corporation are categorized as follows:

	March 31, 2012	December 30, 2011
Raw materials and returnable glass containers	$ 1,035	$ 1,087
Brews in progress	802	599
Finished product	2,178	2,636
Consignment product	97	92
Dry goods store (resale goods)	16	15
	$ 4,128	$ 4,429

During the three months ended March 31, 2012, charges of $31 (2011 - $166) were recorded to net income relating to obsolete, damaged or unsellable packaging inventory and promotional and resale goods, and damaged finished goods inventory.

In the three months ended March 31, 2012, there were no reversals of amounts previously charged to income in respect of write-downs of inventory (2011 - $nil).

Finished goods inventory includes $201 (December 30, 2011 – $256) of amortization charges on production equipment used to convert raw materials to finished goods.

11. TRADE AND OTHER RECEIVABLES

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, 2012	December 30, 2011
Provincial liquor boards	$ 1,651	$ 2,446
Supplier rebates	17	113
Other receivables	189	229
Total accounts receivable	$ 1,857	$ 2,788

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

	March 31, 2012	December 30, 2011
Less than 30 days	$ 1,660	$ 2,327
30 – 60 days	148	359
60 – 90 days	21	9
Over 90 days	28	93
Total accounts receivable	$ 1,857	$ 2,788

The Corporation holds no collateral for any receivable amounts outstanding as at March 31, 2012.

12. PREPAID EXPENSES AND DEPOSITS

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

	March 31, 2012	December 30, 2011
Community sponsorship	$ 105	$ 57
Prepaid insurance	31	77
Property taxes	57	—
Equipment rental and maintenance	41	50
Public filing fees	14	—
Commissions	18	—
Other	27	6
Promotional materials	123	27
	$ 416	$ 217

13. SHARE CAPITAL

	# of shares	$ Amount
As at December 31, 2010, March 31, 2011, December 30, 2011 and March 31, 2012	6,057,678	99,954

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

14. SHARE-BASED PAYMENTS

14.1 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 closing trading price on the date of the grant or the volume weighted average closing price for the five days preceding the date of grant, if no shares traded on the grant date. The Compensation and Benefits 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.

During the three months ended March 31, 2012, the Corporation granted 58,500 (three months ended March 31, 2011 – 58,000) stock options to officers, employees and directors at an exercise price of $13.45 with an expiry date of March 20, 2017. The weighted average fair value of the options issued during the three months ended March 31, 2012 was estimated at $1.97 per option at the grant date using the Black-Scholes option pricing model. The weighted average assumptions used for the calculation were:

	March 2012	December 2011	August 2011	March 2011	August 2010	October 2007
Weighted average fair value per option	**1.97**	1.44	1.03	1.95	1.15	1.85
Risk-free interest rate (%)	**1.47**	1.17	1.48	2.30	1.80	5.00
Expected life of the options (years)	**4**	4	4	4	4	2
Dividend rate (%)	**5.71**	6.43	6.73	4.80	7.10	8.00
Volatility in the price of the Corporation's shares (%)	**28.5**	28.5	23.4	23.5	22.0	27.0

A share-based compensation charge of $115 for the options granted in the three months ended March 31, 2012 (2011 - $113) was recognized in statement of comprehensive income. Share-based compensation costs have been included in general and administrative expenses.

14.2 Stock appreciation rights plans

On April 1, 2006 the Corporation introduced a stock appreciation rights ("SAR") plan to be used as a basis for incentive compensation to employees. Under the plan, employees who held incentive stock options previously issued in June 2005 with an exercise price of $19.07 (the "old" options) could exchange each old option for a new SAR. These SARs vested after a three year period beginning April 1, 2006 and are exercisable for three years thereafter at a price of $17.00 per share (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.

In March 2012, the Corporation introduced a new SAR plan. These SARs vest immediately and are exercisable for five years thereafter. The SARs granted in March 2012 have an exercise price of $12.51 (to be settled in cash).

As at March 31, 2012, 267,300 SARs were outstanding (December 30, 2011 – 227,000). During the three months ended March 31, 2011, 52,300 SARs were issued (2011 – nil), no SARs were exercised (2011 – nil) and 12,000 SARs expired (2011 – 199,250). As at March 31, 2012, the fair value of the SARs was calculated and resulted in a liability of $125 being recorded in the Financial Statements (December 30, 2011 - $nil).

14.3 Outstanding stock options

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

	2012		2011	
	# of options	Weighted average exercise price	# of options	Weighted average exercise price
Balance, January 1	354,000	$ 15.50	262,000	$ 15.84
Expired	(117,000)	$ 15.26	—	—
Exercised	—	—	—	—
Issued	58,500	$ 13.45	58,000	$ 16.60
Balance, March 31	295,500	$ 15.19	320,000	$ 16.31

The following table summarizes information about stock options outstanding and exercisable at March 31, 2012:

Exercise price	# of Options outstanding and exercisable at March 31, 2012	Weighted average remaining contractual life (years)	Weighted average exercise price
$11.88 to $15.25	123,000	4.68	$ 12.70
$15.26 to $17.71	152,500	3.59	$ 16.87
$17.72	20,000	0.50	$ 17.72
Balance, March 31	295,500	3.84	$ 15.19

15. BANK INDEBTEDNESS AND LONG-TERM DEBT

15.1 Operating facility

On April 30, 2010, Big Rock renewed its $5.0 million demand operating facility with ATB Financial ("ATB") for a term of three years. The facility, which bears interest at prime plus one percent, is used to fund working capital requirements and allows for borrowing, repayment, and additional borrowing up to the amount specified as necessary. Collateral for these borrowings is a general assignment of Big Rock's assets.

As at March 31, 2012, a balance of $41 (December 30, 2011 - 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. As at March 31, 2012 and December 30, 2011, Big Rock was in compliance with all covenants.

15.2 Long-term debt and credit facility

On October 28, 2010, the Corporation renewed the term financing for a period of five years. The loan is repayable in monthly instalments of approximately $58 plus interest at ATB's prime plus 1.25 per cent.

Big Rock also signed a $6.5 million credit facility which is available in two tranches of $2.0 million each and one tranche of $2.5 million to finance capital asset expansions. Once advances under a tranche total $2.0 million or $2.5 million as outlined above, the respective tranche will convert to a reducing term loan. Until such time as the facility is converted, interest will be payable at ATB's prime plus

1.25 per cent. Following conversion, the term loans will be amortized over periods up to 10 years, with terms ranging from 1 to 5 years. Undrawn amounts under the facility expire May 30, 2012, if not extended.

The term financing and credit facility impose a number of positive and negative covenants on Big Rock including the maintenance of certain financial ratios. As at March 31, 2012 and December 30, 2011, Big Rock was in compliance with all covenants.

16. 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, 2012	December 30, 2011
Less than 30 days	$ 3,157	$ 3,608
30 – 60 days	—	—
60 – 90 days	—	1
Over 90 days	187	54
Total accounts payable and accrued liabilities	$ 3,344	$ 3,663

17. DIVIDENDS PAYABLE

Big Rock declared dividends of $1,212, or $0.20 per share, for the three months ended March 31, 2012 (2011 - $1,212, or $0.20 per share). Dividends were paid on April 16, 2012 (April 15, 2011).

18. 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, 2012	December 30, 2011
Bank indebtedness (cash)	$ (465)	$ (655)
Total debt	2,508	2,683
Shareholders' equity:		
Shareholders' capital	99,954	99,954
Contributed surplus	632	517
Retained earnings	(69,126)	(68,022)
Total shareholders' equity	31,460	32,449
Total capitalization (total debt plus shareholders' equity, net of cash balances)	$ 33,503	$ 34,477

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) debt to total capitalization, (ii) working capital, and (iii) earnings before interest, taxes, depreciation and amortization (EBITDA) to long-term debt. Debt to total capitalization is calculated as long-term debt, including current portion, plus bank indebtedness divided by total capital. Working capital is calculated by current assets by current liabilities and EBITDA to long-term debt is calculated by dividing long-term debt by EBITDA. Both working capital and EBITDA to long-term debt are used for compliance with debt covenants.

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

19. FINANCIAL INSTRUMENTS

19.1 Categories of financial instruments

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. Financial assets and liabilities arising directly from its operations and Big Rock's activities include accounts receivable, bank indebtedness, accounts payable and accrued liabilities, long term debt and dividends payable.

Big Rock's financial instruments and their designations are:

Classification of Financial Instrument	Designated as
Accounts receivable	Loans and receivables
Bank indebtedness	Other financial liabilities
Accounts payable and accrued liabilities	Other financial liabilities
Long-term debt	Other financial liabilities
Dividends payable	Other financial liabilities

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, and are discussed later in this note.

19.2 Fair value

All financial instruments are required to be measured at fair value on initial recognition of the instrument, except for certain related party transactions. Measurement in subsequent periods depends on whether the financial instrument has been classified as "held-to-maturity", "available-for-sale", "loans and receivables", fair value through profit or loss ("FVTPL"), or "other financial liabilities".

Financial instruments recorded in the consolidated balance sheets are categorized based on the fair value hierarchy of inputs. The three levels of the fair value hierarchy are described as follows:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities. Big Rock does not use Level 1 inputs for any of its fair value measurements.

Level 2 – Inputs, other than quoted prices in active markets, that are observable for the asset or liability either directly or indirectly. Big Rock's Level 2 inputs include quoted market prices for interest rates and credit risk premiums. Big Rock obtains information from sources including the Bank of Canada and market exchanges. Big Rock uses Level 2 inputs for all of its financial instruments fair value measurements.

Level 3 – Inputs that are not based on observable market data. Big Rock does not use Level 3 inputs for any of its fair value measurements.

Non-derivative financial assets and liabilities

Fair values for accounts receivable, bank indebtedness, accounts payable and accrued liabilities, and distributions payable are not materially different from their carrying amounts due to their short-term nature.
The fair value of the Corporation's long-term debt approximates its carrying value as the debt bears interest at variable rates.

19.3 Financial risk management objectives and policies

The Corporation's financial instruments include cash, accounts receivable, accounts payable and amounts due under line of credit facilities. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below.

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

(i) *Currency risk*

The Corporation currently relies on 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.

Foreign currency sensitivity analysis

An increase or decrease in US currency foreign exchange of 3 percent would result in a change to net income for the three months ended March 31, 2012 of $5 (2011 – $1).

(ii) *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, 2012 was 4.28% (2011 - 4.23%).

Interest rate sensitivity analysis

In the event interest rates changed by 75 basis points, the Corporation's net income for the three months ended March 31, 2012 would be affected by $4 (2011 – $73).

The sensitivity analysis assumes the change takes place at the beginning of the financial year and is held constant throughout the reporting period.

(iii) *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 risks 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.

(iv) *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.

(v) *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. While these prices are 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.

20. RELATED PARTY TRANSACTIONS

Related party transactions are included in selling expenses and relate to the engagement of a consultant, related to the Chairman, to coordinate work on special projects undertaken by the Corporation in the normal course of business. The value of transactions for the three months ended March 31, 2012 total $36 (2011 - $36). As at March 31, 2012 no amounts were owing to the consultant (December 30, 2011 - $10).

In January 2012, a company controlled by the Chairman of Big Rock commenced providing temporary general labour services to the Corporation in the normal course of business. The value of transactions for the three months ended March 31, 2012 total $3 (2011 - $nil). As at March 31, 2012 no amounts were owing to the related party.

All amounts have been recorded at the exchange amount.

21. CHANGE IN NON-CASH WORKING CAPITAL

	Three months ended March 31	
	2012	2011
Accounts payable and accrued liabilities	$ (298)	$ (594)
Inventory	245	(291)
Accounts receivable	931	(526)
Prepaid expenses	(199)	27
Total change in non-cash working capital	$ 679	$ (1,384)

22. GOVERNMENT ASSISTANCE

Big Rock receives government grants under the Government of Alberta's Department of Agriculture "Growing Forward" program. Grants in respect of operating expenses are credited to earnings in the period they are received. Grants in respect of PP&E are recorded as a reduction to the cost of the asset. The grants contain certain terms and conditions, including a requirement that the projects are completed within the timeframes outlined in each application and that regular status updates are provided to the Department of Agriculture. In addition, the terms and conditions preclude the general partner from becoming insolvent, being wound-up, liquidated, or amalgamated. A violation of these terms and conditions may result in an obligation to repay some or all of the amounts received.

During the three months ended March 31, 2012, Big Rock received $32 in government assistance relating to operating expenses (2011 - $74).

23. 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.

24. APPROVAL OF THE FINANCIAL STATEMENTS

The Financial Statements of Big Rock Brewery Inc. for the three months ended March 31, 2012 were approved and authorized for issue by the Audit Committee on May 3, 2012.