BIG ROCK BREWERY INC.
QUARTERLY REPORT

FIRST QUARTER 2017 HIGHLIGHTS

$000, except hl and per share amounts	Three months ended March 31 2017	Three months ended March 31 2016
Sales volumes (hectolitres or "hl")	43,477	41,700
Net revenue	$ 9,589	$ 8,901
Operating loss	(1,157)	(1,118)
Net loss	(907)	(783)
Loss per share (basic and diluted)	$ (0.13)	$ (0.11)

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, 2017, as compared to the same period in 2016.

This MD&A should be read in conjunction with 1) the unaudited consolidated financial statements of the Corporation and accompanying notes as at and for the three months ended March 31, 2017 (the "Financial Statements") and 2) the December 30, 2016 audited consolidated financial statements and MD&A contained within our 2016 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. Additional information about the Corporation, including the Annual Information Form for the year ended December 30, 2016 can be found on SEDAR at www.sedar.com and on Big Rock's corporate website at www.bigrockbeer.com.

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

This MD&A is dated May 4, 2017.

CORPORATE PROFILE

Big Rock Brewery—headquartered in Calgary, Alberta—produces premium, all-natural craft beers and ciders. As Canada's largest independently owned craft brewer, Big Rock has a broad family of permanent ales and lagers, the Rock Creek series of craft ciders, and a continually changing selection of seasonal and limited-edition beers.

Founded in 1985, Big Rock was the first craft brewery in Alberta and stands out as a pioneer in the Canadian craft beer market. Big Rock produces, markets and distributes its premium high-quality specialty craft beers and ciders primarily in Canada. The Corporation owns and operates production facilities in Alberta, British Columbia ("BC") and Ontario. Big Rock's primary brewing, packaging and warehousing facility is located in Calgary, Alberta and has been in operation since 1985. In April 2015, Big Rock opened a brewery and eatery in Vancouver, BC's thriving craft beer district. This combined brewery and brewpub serves on-premise consumers in downtown Vancouver and provides distribution for Big Rock's products throughout BC. During the fall of 2016, Big Rock opened a third brewery and tasting room in Etobicoke, Ontario, and on February 1, 2017 a fourth location was opened in Toronto, Ontario in the Liberty Village area, and is operated as the Liberty Commons at Big Rock Brewery tasting room and restaurant.

In addition, Big Rock has distribution facilities in Calgary and Edmonton, sales staff resident in Alberta, British Columbia, Saskatchewan and Manitoba, and an agency arrangement for product sales in Ontario. Big Rock products are sold in five provinces and two territories in Canada, and exported to Korea.

INDUSTRY TRENDS AND INDICATORS

The Canadian beer industry has become increasingly polarized, with sales growth occurring in value-priced products, such as Big Rock's Alberta Genuine Draft ("AGD") and private label beers, at one end of the spectrum and in premium craft beers, such as the Corporation's Signature Series, 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. Economic pressures on consumers in the Alberta market have continued to drive increased sales of value-priced products, while continued competitive activity in Alberta from both local and out-of-province breweries has caused market share for craft beer producers to be spread thin.

The Canada Revenue Agency announced an increase in federal excise duties on alcoholic beverages effective March 23, 2017. The maximum rate applicable to beer increased from $31.22 per hectoliter ("hl") to $31.84 per hl, and for non-exempt cider, with less than 7% alcohol by volume, the rate increased from $29.50 per hl to $30.10 per hl. The announcement also indicated that the excise duty rates will be adjusted annually beginning April 1, 2018 based on the change in the Consumer Price Index, which will likely result in an associated annual price increase for all alcoholic beverages in the future. Federal excise duties apply to all of Big Rock's beer and some of Big Rock's flavoured cider products. Operating results were hampered during the first quarter of 2017 by increased costs imposed by the Alberta government via the August 2016 markup and grant structure, which resulted in higher costs her hl as compared to the costs per hl imposed by the markup program that was in place during the first quarter of 2016.

Big Rock grew production volumes and gross profit for the three months ended March 31, 2017, driven by Alberta, where sales of AGD, Big Rock's most approachable lager, continued to increase, and Ontario, with the addition of the Etobicoke brewery in the fall of 2016 and Liberty Commons at Big Rock Brewery restaurant in Toronto's Liberty Village neighbourhood on February 1, 2017.

A refresh of the corporate logo and a redesign of the Big Rock beer packaging made their debut in Ontario in the fourth quarter of 2016 and was fully introduced throughout the Corporation's markets in February 2017. The redesign has received an enthusiastic public response and many of Big Rock's bottled and canned products saw an increase in sales in the quarter, particularly in Alberta. These increases were offset by decreases in keg sales due to rapid growth in the number of new craft breweries in Alberta, which tend to sell exclusively in keg format in their early stages.. Similar trends were seen in the corporation's private label business, where new packaged products contributed to increased sales but on-premise keg products saw declines.

Big Rock's BC sales team reached its full complement during the first quarter of 2017, but sales volumes in the province were lower compared to Q1 2016, partly due to provincial government retail channel logistics issues, which caused product outages in the cider category. Revenues grew in the quarter for the Vancouver Big Rock Urban Restaurant, which received second place from Vancouver's Georgia Strait Magazine's "Golden Plate Awards" in March 2017 for the 'Best Brewpub' category.

Although the Etobicoke brewery and the Liberty Village restaurant are new, beer sales in Ontario for the quarter saw a healthy increase, with higher packaged product sales overcoming a decline in private label keg sales.

Big Rock beer products are now available in all three key retail channels in Ontario – the Liquor Control Board of Ontario retail stores, Beer Store outlets and licensed grocery chains. The Liberty Commons restaurant has seen a sustained positive consumer response and has already become an important venue for Ontario consumers to be introduced to the Big Rock brand and products.

SELECTED QUARTERLY FINANCIAL INFORMATION

	2017	2016				2015		
($000, except hl and per share amounts)	**Q1**	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Sales volumes (hl)	**43,477**	46,993	54,237	56,524	41,700	43,450	54,762	49,780
Net revenue	**$ 9,589**	$10,439	$11,669	$12,117	$ 8,901	$ 9,661	$11,799	$10,997
Operating profit (loss)	**(1,157)**	(152)	392	612	(1,118)	1	121	(291)
Net income (loss)	**(907)**	(218)	210	338	(783)	(54)	76	(473)
Earnings per share (basic and diluted)	**$ (0.13)**	$ (0.03)	$ 0.03	$ 0.05	$ (0.11)	$ (0.01)	$ 0.01	$ (0.07)
$ Per /hl[1] Amounts								
Net revenue	**220.55**	222.14	215.15	214.37	213.45	222.35	215.46	220.91
Cost of sales	**137.20**	136.11	113.41	117.58	126.71	121.82	119.96	124.97
Selling expenses	**75.78**	60.67	63.31	59.14	72.37	72.24	65.81	74.81
General and administrative	**31.44**	25.54	28.71	25.72	36.21	27.69	26.11	23.70
Operating profit (loss)	**$(26.60)**	$ (3.23)	$ 7.23	$ 10.83	$ (26.81)	$ 0.02	$ 2.21	$ (5.85)
Net income (loss)	**$(20.85)**	$ (4.64)	$ 3.87	$ 5.98	$ (18.78)	$ (1.24)	$ 1.39	$ (9.50)

(1) "hl" refers to hectolitre

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 quarters 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, mainly in western Canada. The selected quarterly information is consistent with these expectations and industry trends.

RESULTS OF OPERATIONS

Big Rock's net revenue increased 8% and sales volumes increased 4% during the three months ended March 31, 2017 as compared to the same period last year. Overall volume increase for the first quarter of 2017 was attributed to increased beer sales, primarily in the value brand and private label categories. First quarter 2017 gross revenues increased 12%, which was offset by a 35% increase in provincial liquor tax program expenses, which was primarily attributed to the changes in the Alberta provincial liquor mark-up and grant program introduced during the third quarter of 2016. Big Rock mitigated a portion of the increase in liquor tax costs by reducing the number of limited-time offer ("LTO") price discounts presented to customers during the first quarter of 2017. Gross profit increased by 1% for the quarter, which was not in proportion to the increase in revenues, mainly due to additional costs attributed to a Calgary plant shut-down for planned maintenance.

Despite increased revenues and gross profit, Big Rock reported an operating loss for first quarter of 2017, which included additional distribution and marketing costs, and increased finance expenses compared to the first quarter of 2016. As well, the first quarter of 2016 included $206 of pre-operating costs relating to the establishment of the Ontario operations.

SEGMENTED INFORMATION

Big Rock has two reportable business segments which are monitored by executive management for purposes of making decisions about resource allocation and performance assessment. The wholesale segment manufactures and distributes beer and cider to provincial liquor boards which is subsequently sold to end consumers. The retail segment sells beverages, food and merchandise to end consumers on premises owned and/or operated by the Corporation.

Segment performance is evaluated on a number of measures, the most significant being profit or loss. Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties. The Corporation's operating assets and liabilities are managed on a corporate basis. General and administrative expenses, current taxes, deferred taxes and capital expenditures are not allocated to segments as they are also managed on a corporate basis.

Profit by Segment

Period Ended March 31	Wholesale		Retail		Eliminations		Consolidated	
($000)	2017	2016	2017	2016	2017	2016	2017	2016
Net Revenue	$9,056	$ 8,547	$ 668	$ 496	$ (135)	$ (142)	$ 9,589	$ 8,901
Cost of sales	5,247	4,964	853	500	(135)	(142)	5,965	5,322
Gross profit	3,809	3,583	(185)	(4)	–	–	3,624	3,579
Selling expenses	3,262	3,008	33	9	–	–	3,295	3,017
Segment profit	$ 547	$ 575	$ (218)	$ (13)	$ –	$ –	329	562
General and administrative costs							1,367	1,510
Depreciation and amortization							119	170
Operating Loss							(1,157)	(1,118)
Finance expense							93	57
Other income							13	78
Loss before income taxes							$ (1,237)	$ (1,097)

Net Revenue

Net revenue includes wholesale product sales for beer and cider, net of excise taxes and provincial government liquor taxes, and retail restaurant and store sales from Big Rock's Alberta, BC and Ontario locations.

Big Rock's net revenues for the quarter ended March 31, 2017 increased by $688 (8%) to $9,589, compared to $8,901 for the quarter ended March 31, 2017. Geographically, Alberta and BC continued to represent the first and second largest share of the Corporation's sales, respectively, with Ontario representing the third largest proportion of revenue for Big Rock.

Wholesale volumes and net revenues increased by 1,777 hl (4%) and $509 (6%) for the quarter ended March 31, 2017 compared to the first quarter of 2016. Volume increases were seen in our value brand and private label categories and continue to grow, primarily in Alberta. This volume increase reflects Big Rock's largest market's ongoing economic pressures. In addition, sales for first quarter of 2017 include operations from the Ontario facilities, which commenced commercial operations in the fourth quarter of 2016, and primarily include full margin permanent brand beer sales. In addition, revenue increases in the first quarter of 2017 exceed volume increases partly due to increased prices that were announced in mid-2016.

Retail revenues increased by $172 (35%) in the quarter compared to the same period in 2016 mainly due to opening of our two Ontario-based retail stores which occurred in the fourth quarter of 2016. Revenues from our Vancouver restaurant and retail location increased by 16% in the first quarter of 2017, attributable to increased consumer traffic resulting from changes to our events and menu offerings.

Gross Profit

Three months ended March 31 ($000, except volumes)	2017	2016	Change
Sales volumes (hl)	43,477	41,700	1,777
Net revenue	$ 9,589	$ 8,901	688
Cost of sales	5,965	5,322	643
Gross Profit	3,624	3,579	45
Wholesale:			
Net revenue	$ 8,921	$ 8,405	$ 516
Cost of sales:			
Ingredients and packaging materials	2,363	2,354	9
Labour	1,294	1,474	(180)
Overhead	942	813	129
Inventory valuation	(6)	(251)	245
Depreciation	519	432	87
Total cost of sales	5,112	4,822	290
Wholesale segment profit	3,809	3,583	226
Retail:			
Net revenue	668	496	172
Cost of sales	853	500	353
Retail segment loss	(185)	(4)	(181)
Gross profit	$ 3,624	$ 3,579	$ 45

Cost of Sales

For the three months ended March 31, 2017, total cost of sales increased by $643 compared to the same period last year, as described below:

- Wholesale ingredients and packaging materials are comparable to last year, despite an increase in sales volumes. Even though ingredients and packaging materials typically move in tandem, cider sales volumes were down in the first quarter of 2017 and, as the associated costs for this product type are higher than beer products, the change in product mix reduced the comparable cost of direct materials.

- Labour charges for the first quarter of 2017 decreased by $180 as there were more production staff employed during the first quarter of 2016 compared to 2017.

- Overhead costs include utilities, repairs and maintenance and other production-related amounts, which are primarily fixed in nature. Overhead costs increased by $129 primarily due to major maintenance performed at the Calgary brewery during a scheduled shut down and increases in utilities charges which include the new carbon levy in Alberta. In addition, the first quarter of 2017 includes a full three months of operating costs associated with the Ontario facilities.

- Inventory valuation comprises timing differences relating to the absorption of production costs into finished goods inventory and the eventual charge to income for those costs as finished goods inventory is sold. Additionally, it includes the absorption of changes in standard cost to inventory. For the three months ended March 31, 2017, charges relating to inventory movement increased due to costs associated with continued fine-tuning of the Etobicoke brewery packaging equipment.

- Cost of sales includes depreciation charges on production equipment used to convert raw materials to finished goods. Depreciation increased $87 for the first quarter reflecting an increase in the depreciation base, which includes the capital cost of the Ontario facilities and a new bottling line in Calgary.

- Retail cost of sales increased by $353 compared with the same period last year due to the commencement of two retail locations in Ontario during the fourth quarter of 2016. The majority of these costs are fixed in nature and relate to building lease costs and utilities.

Per Hectolitre Cost of Sales

Three months ended March 31 $/hl	2017	2016	Change
Wholesale net revenue	$ 205.19	$ 201.56	$ 3.63
Wholesale cost of sales:			
Ingredients and packaging materials	54.35	56.45	(2.10)
Labour	29.76	35.35	(5.59)
Overhead	21.67	19.50	2.17
Inventory valuation	(0.14)	(6.02)	5.88
Depreciation	11.94	10.36	1.58
Wholesale cost of sales	$ 117.58	$ 115.64	$ 1.94

Wholesale cost of sales increased by $1.94 per hl (2%) for the three months ended March 31, 2017 compared to the same period in 2016. The increase was driven by overhead, inventory valuation and depreciation, partly offset by a decrease in ingredients and packaging materials and labour. Although wholesale cost of sales per hl for the Calgary brewery decreased in the quarter as compared to the three months ended March 31, 2016, overall wholesale cost of sales per hl has increased due to the inclusion of the Ontario facilities, which have a smaller production capacity and are therefore less efficient than the main Calgary plant.

Selling Expenses

Three months ended March 31 ($000)	2017	2016	Change
Selling:			
Delivery and distribution costs	$ 873	$ 727	$ 146
Salaries and benefits	931	848	83
Marketing	319	275	44
Regional sales	987	989	(2)
Community sponsorship and other	185	178	7
Total selling expenses	$ 3,295	$ 3,017	$ 278

For the three months ended March 31, 2017, selling expenses increased by $278 compared with the same period last year, as detailed below:

- Delivery and distribution costs increased $146 in the quarter resulting from increased sales volumes. A portion of the increase related to shipping additional product to Ontario to support the Etobicoke brewery to meet the increased sales demand.

- Salaries and benefit costs increased by $83 for the quarter due to increases in both sales and marketing headcount.

- Marketing costs increased by $45 due to increased advertising and artwork and design costs associated with Big Rock's rebranding activity which was rolled out mid quarter.

- Regional sales expenses in the first quarter of 2017 were consistent with the same period in 2016.

- Community sponsorships and other increased by $7 due to the timing of sponsorship related payments.

Per Hectolitre Selling Expenses

Three months ended March 31 $/hl	2017	2016	Change
Selling:			
Delivery and distribution	$ 20.08	$ 17.43	$ 2.65
Salaries and benefits	21.41	20.34	1.07
Marketing	7.36	6.59	0.77
Regional sales	22.70	23.72	(1.02)
Community sponsorship and other	4.23	4.27	(0.04)
Total selling expenses	$ 75.78	$ 72.35	$ 3.43

Selling expenses increased by $3.43 per hl (5%) for the three months ended March 31, 2017 compared to the same period in 2016, mainly as a result of increases in the per hectolitre amounts for delivery and distribution costs, salaries and benefits, and marketing expenses, partly offset by a reduction in regional sales per hectolitre.

General and Administrative Expenses

Three months ended March 31 ($000)	2017	2016	Change
General and Administrative:			
Salaries and benefits	$ 721	$ 746	$ (25)
Professional fees	228	161	67
Reporting and filing fees	39	42	(3)
Insurance	58	55	3
Building maintenance and taxes	99	94	5
Bank charges	34	45	(11)
Office, administrative and other	188	367	(179)
Total general and administrative expenses	$ 1,367	$ 1,510	$ (143)

For the three months ended March 31, 2017, general and administrative expenses decreased by $143 compared with the same period last year as detailed below:

- Salaries and benefit costs decreased by $25 due primarily to an increase of $42 related to higher headcount, which was more than offset by a reduction in share-based payment expense.

- Professional fees, which include legal, audit, tax and accounting advisory services, increased by $67 due to higher recruitment costs and legal fees.

- Bank charges decreased by $11 due to the amended operating loan facility agreement in December 2016, which reduced quarterly bank fees.

- Office, administration and other expenses were lower than the first quarter of 2016 by $179. The first quarter of 2016 included $206 of pre-operating costs which were associated with the start-up of the Ontario facilities and reclassified to general and administrative expenses from cost of goods sold. There were no pre-operating expenditures during the first quarter of 2017, and the reduction was partially offset by an increase in software licenses.

Finance Expenses

Three months ended March 31 ($000, unless otherwise stated)	2017	2016	Change
Interest on long-term debt	$ 71	$ 45	$ 26
Interest on operating facility	22	12	10
Total finance expenses	$ 93	$ 57	$ 36
Weighted average effective interest rate	4.24%	4.79%	

The carrying amount of bank indebtedness, long-term debt and finance lease obligations was $9,989 as at March 31, 2017 compared to $6,204 as at March 31, 2016. The interest rates applicable to all loans and borrowings are based on the lender's prime rate. The increase in interest expense for the three months ended March 31, 2017 compared to the same period last year reflects the impact of higher average borrowings outstanding (See Cash Flows, Financing Activities below). The reduction in rate reflects improved terms negotiated in the December 2016 amendments to the loan facilities.

Depreciation and Amortization

Three months ended March 31 ($000)	2017	2016	Change
Depreciation, Cost of sales			
Wholesale	$ 520	$ 432	$ 88
Retail	92	37	55
Depreciation, Other	81	130	(49)
Amortization	38	40	(2)
Total	$ 731	$ 639	$ 92

Depreciation expense included in wholesale cost of sales increased by $88 for the quarter ended March 31, 2017 compared with the same period last year due to the commissioning of the Ontario facilities and a new bottling line in Calgary. Depreciation expense included in retail cost of sales increased by $55 primarily due to asset additions relating to the opening of the Ontario retail locations, and a reclassification of retail-related assets into cost of sales from other depreciation.

Other depreciation, which relates to non-production assets, decreased by $49 due mainly to a reclassification of retail depreciation to cost of sales, and relates to assets that have been identified as relating to the retail segment.

Amortization expense, which relates to intangible assets, includes software, naming rights and website costs.

Other Income and Expenses

Three months ended March 31 ($000)	2017	2016	Change
Other income	$ 13	$ 78	$ (65)

Other income includes rental income arising from use of yard space and gains or losses on asset disposals.

Income Taxes

Three months ended March 31 ($000)	2017	2016	Change
Current income tax recovery	$ (65)	$ (72)	$ 7
Deferred income tax recovery	$ (265)	$ (242)	$ (23)

A current income tax recovery of $65 was recorded for the three months ended March 31, 2017 (2016 – $72). These taxes arise from the transitional provisions on the taxation of partnership deferral structures.

During the three months ended March 31, 2017, the Corporation recorded deferred income tax recovery of $265, compared to a recovery of $242 for the same period last year. The deferred income tax provision differs from the statutory rate of 28.2% (2016 – 26.9%) 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, 2016 to March 31, 2017:

($000, unless otherwise stated)	Increase/ (Decrease)	Primary factors explaining change
Accounts receivable	(28)	Decrease in outstanding balances related to sales in BC, SK and MB, offset by an increase in outstanding balances in AB
Inventories	669	Increases in raw materials, brews in progress and finished product due to increased demand, reflected in increased sales, and the opening of the Etobicoke brewery
Prepaid expenses and other	193	Ontario rent prepayments as well as deposits for promotional materials
Property, plant and equipment (including land held for sale)	(339)	Depreciation in excess of additions
Intangible assets	63	Software and website additions in excess of amortization
Bank indebtedness	1,349	Increase in the operating loan balance, and the combined balances of outstanding cheques
Accounts payable and accrued liabilities	(46)	Timing of supplier payments
Current income taxes	65	Increase in expected taxable income
Long term debt and finance lease	(204)	Net repayment of term loans and finance lease
Share based payments liability	144	Higher share appreciation rights (“SARs”) valuation due to increase in share price and new SARs grant
Deferred income taxes	(265)	Tax effect of changes in temporary differences

LIQUIDITY AND CAPITAL RESOURCES

Capitalization

($000, unless otherwise stated)	March 31, 2017	December 30, 2016
Cash	$ (306)	$ (207)
Total debt	9,989	8,844
Net Debt	9,683	8,637
Shareholders' equity:		
Shareholders' capital	113,759	113,121
Contributed surplus	1,438	1,438
Accumulated deficit	(78,196)	(77,289)
Total shareholders' equity	37,001	37,270
Total capitalization (total debt plus shareholders' equity, net of cash balances)[1]	$ 46,684	$ 45,907
Net debt to capitalization ratio[1]	20.7%	18.8%

[1] Non-GAAP measure. See Non-GAAP Measures

Capital Strategy

The Corporation defines its capital to include 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.

Big Rock manages the capital structure through prudent levels of borrowing, cash-flow forecasting and working capital management, and will adjust its capital structure 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. Big Rock management prepares annual expenditure budgets, which are approved by the Board of Directors, to facilitate management of its capital requirements. 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) EBITDA to net debt and (ii) EBITDA to debt repayments, interest, income taxes and dividends paid ("Fixed Charges"). EBITDA to net debt is calculated by dividing debt minus cash by EBITDA and EBITDA to Fixed Charges is calculated by dividing the combined Fixed Charges by EBITDA. The calculation of EBITDA is a non-GAAP measure, whose nearest GAAP measure is net income, or net loss as applicable, with the reconciliation between the two as follows:

Three months ended March 31 ($000)	2017	2016
EBITDA [1]	$ (413)	$ (401)
Deduct: Depreciation & amortization	731	639
Loss before interest and taxes	(1,144)	(1,040)
Deduct: Interest	93	57
Deduct: Income tax charge	(330)	(314)
Net loss	$ (907)	$ (783)

[1] Non-GAAP Measure. See Non-GAAP Measures

These policies provide Big Rock with access to capital at a reasonable cost. Big Rock's borrowing facilities have financial tests and other covenants customary for these types of facilities and must be met at each reporting date (see Financing Activities below).

Shareholders' Capital

	March 31, 2017		December 30, 2016	
($000, except # of shares)	# of shares	Amount	# of shares	Amount
Outstanding at beginning of period	6,875,928	$ 113,121	6,875,928	$ 113,121
Shares issued upon exercise of options	105,700	638	—	—
Outstanding at end of period	6,981,628	$ 113,759	6,875,928	$ 113,121

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 4, 2017 there were 6,981,628 issued and outstanding shares and the closing price was $7.80 per share. Based upon 6,981,628 issued shares, the Corporation has an approximate market capitalization of $54.5 million.

Share Based Payments

Big Rock has a Share Option Plan and a Share Appreciation Rights ("SAR") Plan both of which are a component of overall compensation of directors, officers, and employees of the Corporation. The Compensation and Human Resources Committee of the Board of Directors of Big Rock 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.

Share option plan

The Corporation has a share 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 trading price for the five days preceding the date of grant. Share options granted under the plan include a maximum exercise period of five years and vest immediately upon issue. The Corporation is authorized to issue options for a maximum of 10% of the issued and outstanding common shares pursuant to the share option plan. On January 23, 2017, 105,700 stock options were exercised for gross proceeds of $638 and on January 29, 2017, the remaining 479,300 stock options were cancelled. There were no stock options outstanding as at March 31, 2017. See note 15.1 to the unaudited financial statements for the three months ended March 31, 2017 for more details.

Share Appreciation Rights

The Board of Directors may issue an unlimited number of SARs under the SAR plan. SARs that are granted after January 1, 2017 will evenly vest over a three-year period, with the first tranche vesting immediately, one third vesting on the first anniversary date and the remaining vesting on the second anniversary date. SARs that were granted prior to January 1, 2017 vested immediately. All outstanding SARS are exercisable for five years after grant date. At the end of each reporting period, the fair value of the SARs, as determined by the Black Scholes option pricing model, is recorded as a liability on the balance sheet and recorded as compensation expense.

During the three months ended March 31, 2017 Big Rock granted 156,000 SARs with an exercise price of $6.16, and a total of 33,500 SARs expired. A total of 549,400 SARs were outstanding as at March 31, 2017 and the fair value of the outstanding SARs at March 31, 2017 was calculated using the Black Scholes option pricing model which resulted in a share based compensation expense of $144 (March 31, 2016 - $146) being charged general and administrative expenses for the three months ended March 31, 2017. See note 15.2 to the unaudited consolidated financial statement for the three months ended March 31, 2017 for more detail.

Cash Flows

Three months ended March 31 ($000)	2017	2016	Change
OPERATING ACTIVITIES			
Net loss for the period, adjusted for items not affecting cash	$ (283)	$ (206)	$ (77)
Net change in non-cash working capital	(945)	640	(1,585)
Cash provided by (used) in operating activities	(1,228)	434	(1,662)
FINANCING ACTIVITIES			
Increase (decrease) in bank indebtedness	1,349	(882)	2,231
Proceeds from long-term debt	—	1,950	(1,950)
Repayment of long-term debt and finance lease	(205)	—	(205)
Proceeds from exercised options	638		638
Cash provided by financing activities	1,782	1,068	714
INVESTING ACTIVITIES			
Purchase of property, plant and equipment	(353)	(1,580)	1,227
Purchase of intangible assets	(102)	(8)	(94)
Proceeds from sale of equipment	—	102	(102)
Cash used in investing activities	(455)	(1,486)	1,031
Net change in cash	$ 99	$ 16	$ 83

Operating Activities

Cash used in operating activities for the three months ended March 31, 2017 totalled $1,228, an increase of $1,662 compared to the same period last year, due primarily to an increase in non-cash working capital arising from increased inventory balances mainly at the newly opened facilities in Ontario.

Financing Activities

Cash provided by financing activities for the three months ended March 31, 2017 increased by $714 compared with the same period in 2016. The increase is primarily a result of proceeds received from options exercised during the quarter as well as increased borrowings on our revolving operating loan offset by repayments of the term debt and finance lease.

The Corporation has committed financing facilities with a Canadian bank that includes a $5 million revolving operating loan facility and a $6 million 5-year term revolving loan facility. The revolving operating loan facility is available for general operating purposes and funding capital expenditures as required. The $6 million 5-year term revolving loan facility is available to fund capital expenditures. Advances under the credit facilities may be made by way of Canadian prime rate loans and letters of credit. Interest is payable for prime-based loans under the revolving operating facility at the financial institution's prime rate plus 0.75 percent and on the term facility at the financial institution's prime rate plus 1.5 percent. Fees for letters of credit are at 2.5 percent with a minimum fee payable. Both facilities mature after a term of 5 years and any undrawn amounts under the facility will expire on March 23, 2021, 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 covenants which are tested at each reporting date.

They include the maintenance of a rolling 12-month fixed charge ratio which is required to be a minimum of 1.1 to 1, calculated as the rolling 12-month EBITDA, less an amount for maintenance capital compared to the rolling 12-months fixed charges. Fixed charges are the sum of interest, dividends and income taxes paid, and principal repayments. In addition, Big Rock's borrowings cannot exceed a borrowing base which is determined by the fair value of the Corporation's assets. Big Rock was in compliance with its covenants at March 31, 2017.

As at March 31, 2017, bank indebtedness was $4,192 (December 30, 2016 - $2,843), of which $3,190 was outstanding on the operating loan facility (December 30, 2016 - $2,435).

On July 9, 2015, Big Rock signed a commitment letter for a $2.5 million lease financing facility which financed the purchase of equipment relating to Big Rock's Ontario expansion. Interest is charged at 5.42 percent. The facility matures after a term of 5 years.

As at ($000)	March 31, 2017	December 30, 2016
Term debt	$ 3,416	$ 3,533
Finance lease	2,412	2,500
Debt issue costs	(31)	(32)
	5,797	6,001
Current portion	(653)	(662)
Long term debt	$ 5,144	$ 5,339

Investing Activities

For the three months ended March 31, 2017, capital spending, net of dispositions, was $455 compared to $1,486 for the same period in 2016. The majority of capital spending in 2017 related to expenditures to fully commission the brewery and brewpub facilities and related equipment in Ontario and expenditures on the Calgary packaging lines whereas, 2016 capital expenditures were primarily for the brewery and brewpub facilities and related equipment in Ontario.

Three months ended March 31, ($000)	2017	2016	Change
Land	27	3	24
Buildings & leasehold improvements	73	827	(754)
Brewery machinery & equipment	246	608	(362)
Vehicles	—	53	(53)
Office furniture & fixtures	7	39	(32)
Returnable containers	—	50	(50)
Capital spending, tangible assets	353	1,580	(1,227)
Capital spending, intangible assets	102	8	94
Total capital spending	455	1,588	(1,133)
Proceeds on dispositions	—	(102)	102
Net capital spending	455	1,486	(1,031)

CRITICAL ACCOUNTING ESTIMATES & JUDGEMENTS

Share-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. During the three months ended March 31, 2017, share based compensation expense for options was $nil (2016 – $79), while the expense recognized with respect to SARs was $144 (2016 – $146) as discussed earlier in this MD&A.

Income taxes payable
Tax legislation, regulation and interpretation require judgment and may have a bearing on the amounts recorded in the tax provision and income taxes payable. Big Rock's tax filings are continually subject to review by the Canada Revenue Agency who makes the final determination of the actual amounts of taxes payable or receivable. This could have an impact on the current and future income tax expenses.

Deferred income taxes
Deferred tax liabilities require management judgment in order to determine the amounts to be recognized. This includes assessing the timing of the reversal of temporary differences to which deferred income tax rates are applied.

Keg deposit liability
The Corporation requires that customers pay a deposit for each keg purchased, which is subsequently refunded 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.

Property, plant and equipment
Calculation of the net book value of property, plant and equipment requires Big Rock to make estimates of the useful economic life of the assets, residual value at the end of the asset's useful economic life, method of depreciation and whether impairment in value has occurred. Residual values of the assets, estimated useful lives and depreciation methodology are reviewed annually with prospective application of any changes, if deemed appropriate. Changes to estimates could be caused by a variety of factors, including changes to the physical life of the assets. A change in any of the estimates would result in a change in the amount of depreciation and, as a result, a charge to net income recorded in the period in which the change occurs, with a similar change in the carrying value of the asset on the Consolidated Statement of Financial Position.

Impairment assessment
Impairment indicators include a significant decline in an asset's market value, significant changes in the technological, market, economic or legal environment in which the assets are operated, evidence of obsolescence or physical damage of an asset, significant changes in the planned use of an asset, or ongoing under-performance of an asset. Application of these factors to the facts and circumstances of a particular asset requires a significant amount of judgment.

RISKS RELATED TO THE BUSINESS AND INDUSTRY

Big Rock operates in an environment that is both highly competitive and subject to significant government regulation. 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 or financial results.

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

With the vast 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, selling prices may vary more frequently.

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 and on March 26, 2015, announced an increase in the mark-up rate applicable to Big Rock with an immediate corresponding increase in the prices of the Corporation's products. On October 27, 2015, the Alberta government announced a change to mark-up rates applicable to Big Rock, which slightly reduced the impact of the previous increase. In July 2016, the Alberta government announced that, effective August 5, 2016, the graduated mark-up rate structure would be replaced with a flat-rate mark-up of $1.25 per litre plus a new grant program for Alberta breweries, which would be administered by Alberta Agriculture and Forestry. As Alberta is Big Rock's predominant market, future changes to this mark-up rate structure could have significant impacts on the Corporation's financial results. The Corporation will continue to assess the longer-term implications of these recent changes.

Financial Risk

The Corporation's principal financial instruments are: 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, current taxes payable or receivable and long term debt. The primary risks arising from the Corporation's financial instruments are foreign exchange risk, interest rate risk, credit risk, liquidity risk and commodity price 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.

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 the Corporation's foreign exchange exposure. The Corporation does not have any significant foreign currency denominated monetary liabilities.

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. Cash flow required to service the interest on these facilities will fluctuate because of changes to market rates.

The Corporation has not entered into any derivative instruments to manage interest rate fluctuations; however, management monitors the Corporation's interest rate exposure and given the relatively low expected rate of change in prime interest rates believes 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 weighted average interest rate incurred by the Corporation in the first quarter was 4.24% (2016 – 4.79%).

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 as majority of its accounts receivable are from provincial liquor boards, which are governed 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 the majority 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 aluminium, where fluctuations in the market price or availability of these items could impact Big Rock's cash flow, profitability and production. To minimize the impact of this risk, the Corporation enters contracts which secure supply and set pricing to manage the exposure to pricing fluctuations.

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 majority source of revenue for the Corporation, a 5% increase or decrease in these prices will result in a corresponding increase or decrease in revenue.

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 2, 2017 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, 2017 and 2016 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, 2016 or later. 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. See Note 2.3 Future accounting pronouncements to the unaudited consolidated financial statements for the three months ended March 31, 2017 for further details.

DISCLOSURE CONTROLS AND PROCEDURES

The Corporation's management under the supervision of, and with the participation of, the Interim Chief Executive Officer ("CEO") and Interim Chief Financial Officer ("CFO") 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, 2017.

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 as its framework the Internal Control—Integrated Framework published by The Committee of Sponsoring Organizations of the Treadway Commission.

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 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 for the three months ended March 31, 2017, 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, 2017, 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, 2017. 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 unabated at the value-priced end of the beer market and for premium craft beer, particularly in Alberta, which, unlike most other Canadian jurisdictions, has relatively few barriers to entry for out-of-province producers. This competition particularly affects Big Rock's most mature brands, Grasshopper and Traditional, and is expected to continue. An influx of new microbreweries in Alberta has also put additional pressure on the Corporation's keg product sales.

To diversify revenue base, management previously identified opportunities to establish a local presence in BC and Ontario. These markets have been targeted as they are especially responsive to locally brewed, craft beer. The BC brewery, brewpub and retail space commenced operations during the second quarter of 2015, the Ontario brewery and tasting room commenced operations late in the third quarter of 2016 and the brewpub and retail operations located in Liberty Village, near the Etobicoke brewery, opened on February 1, 2017.

In response to consumer-driven demand, management will continue to invest in targeted marketing opportunities to create brand awareness and to emphasize its innovation, which will offer additional great beers to the Big Rock portfolio. Growth in sales of the Big Rock branded products should lift average margins which have been pressured by the recent growth in sales of value priced and private label products.

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. Management also plans to continue to introduce new permanent and seasonal brands in 2017 and beyond.

NON-GAAP MEASURES

The Corporation uses certain financial measures referred to in this MD&A to quantify its results that are not prescribed by Generally Accepted Accounting Principles. The following terms "total capitalization", "net debt to total capitalization ratio", "earnings before interest, taxes, depreciation and amortization ("EBITDA") to net debt", EBITDA to debt repayments, interest, income taxes and dividends paid ("Fixed Charges")" are not recognized measures under GAAP and may not be comparable to that reported by other companies. Total capitalization is calculated by adding shareholders' equity, total debt and cash balances. EBITDA is calculated by adding back to net income, interest, income taxes and depreciation and amortization. EBITDA to net debt is calculated by dividing EBITDA by net debt (debt minus cash) and EBITDA to Fixed Charges is calculated by dividing the combined debt repayments, interest, income taxes and dividends paid amounts by EBITDA. Management uses these ratios to evaluate the Corporation's operating results.

In addition, the Corporation's lender uses EBITDA to Fixed Charges ratio to evaluate the Corporation's ongoing cash generating capability and to determine the amounts and rates at which the lender is willing to finance Big Rock. Management believes that, in addition to net income and cash flow from operating activities, these measures are useful supplemental measures as they provide an indication of Big Rock's operating performance and leverage. ***Readers are cautioned that these measures should not be construed as an alternative to net income or cash flow from operating activities as calculated under GAAP.***

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, "anticipate", "believe" , "continue", "could", "estimate", "expect", "intend", "likely" "may", "project", "predict", "propose", "potential", "might", "plan", "seek", "should", "targeting", "will", 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 sales volumes;
- the potential introduction of new permanent and seasonal brands in 2017 and beyond;
- projections of market prices and costs;

- treatment under governmental regulatory and taxation regimes, including expected price increases resulting from the indexing of excise taxes to inflation;
- supply and demand of Big Rock's products;
- the impact of recent changes in Alberta mark-up rates;
- the potential future resumption of quarterly dividends;
- the anticipated closing of the Corporation's sale of undeveloped land; and
- the expected continued investment in targeted marketing opportunities

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;
- there will be no supply issues with Big Rock's vendors; and
- the Corporation's sale of undeveloped land will close as anticipated.

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 2016 Annual Information Form dated March 2, 2017 that is available on SEDAR at www.sedar.com. 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.

BIG ROCK BREWERY INC.
Condensed Interim Consolidated Statements of Comprehensive Loss
Unaudited
(In thousands of Canadian dollars, except per share amounts)

	Note	Three months ended March 31 2017	Three months ended March 31 2016
Net revenue	3	$ 9,589	$ 8,901
Cost of sales	4	5,965	5,322
Gross profit		3,624	3,579
Expenses			
Selling expenses	5	3,295	3,017
General and administrative	6	1,367	1,510
Depreciation and amortization		119	170
Operating expenses		4,781	4,697
Operating loss		(1,157)	(1,118)
Finance expenses	7	93	57
Other income		13	78
Loss before income taxes		(1,237)	(1,097)
Current income tax recovery		(65)	(72)
Deferred income tax recovery		(265)	(242)
Net loss and comprehensive loss for the period		$ (907)	$ (783)

	Note	2017	2016
Net loss per share			
Basic and diluted	8	$ (0.13)	$ (0.11)

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)

	Note	March 31, 2017	December 30, 2016
ASSETS			
Current			
Cash		$ 306	$ 207
Accounts receivable	9	1,266	1,294
Inventories	10	5,813	5,144
Prepaid expenses and deposits	11	603	410
Current taxes receivable		61	—
Land held for sale	23	1,846	1,819
		9,895	8,874
Property, plant and equipment		45,633	45,999
Intangible assets		399	336
		46,032	46,335
Total assets		$ 55,927	$ 55,209
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current			
Bank indebtedness	12	$ 4,192	$ 2,843
Accounts payable and accrued liabilities	14	3,891	3,937
Current taxes payable		—	4
Current portion of long term debt	12	337	662
Current portion of finance lease	13	316	—
		8,736	7,446
Long term debt	12	3,048	5,339
Finance lease	13	2,096	—
Share-based payments	15	480	336
Lease incentive liability	16	199	186
Deferred income taxes		4,367	4,632
		10,190	10,493
Shareholder's equity			
Share capital	17	113,759	113,121
Contributed surplus	15	1,438	1,438
Accumulated deficit		(78,196)	(77,289)
		37,001	37,270
Total liabilities and shareholders' equity		$ 55,927	$ 55,209

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)

	Note	Three months ended March 31 2017	Three months ended March 31 2016
OPERATING ACTIVITIES			
Net loss for the period		$ (907)	$ (783)
Items not affecting cash:			
Depreciation and amortization		731	639
Gain on sale of assets		—	(65)
Share-based compensation		144	225
Lease incentive		13	20
Amortized debt issue costs		1	—
Deferred income tax recovery		(265)	(242)
		(283)	(206)
Net change in non-cash working capital related to operations	19	(945)	640
Cash provided by (used in) operating activities		(1,228)	434
FINANCING ACTIVITIES			
Increase (decrease) in bank indebtedness		1,349	(882)
Proceeds from long-term debt		—	1,950
Repayment of long-term debt		(117)	—
Repayment of finance lease		(88)	—
Proceeds from exercised options		638	—
Cash provided by financing activities		1,782	1,068
INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(353)	(1,580)
Purchase of intangible assets		(102)	(8)
Proceeds from sale of equipment		—	102
Cash used in investing activities		(455)	(1,486)
Net increase in cash		99	16
Cash, beginning of period		207	540
Cash, end of period		$ 306	$ 556

Supplemental cash-flow information		
Cash interest paid	$ 91	$ 57
Cash taxes paid	$ —	$ 57

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, 2015	$ 113,121	$ 1,255	$ (76,836)	$ 37,540
Share-based payments	—	79	—	79
Total comprehensive income (loss)	—	—	(783)	(783)
Balance as at March 31, 2016	113,121	1,334	(77,619)	36,836
Share-based payments	—	104	—	104
Total comprehensive income	—	—	330	330
Balance as at December 30, 2016	113,121	1,438	(77,289)	37,270
Stock options exercised	638	—	—	638
Total comprehensive income (loss)	—	—	(907)	(907)
Balance as at March 31, 2017	$ 113,759	$ 1,438	$ (78,196)	$ 37,001

See accompanying notes to the condensed interim consolidated financial statements

(In thousands of Canadian dollars, unless otherwise stated)

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 five 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 International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC") and should be read in conjunction with Big Rock's 2016 annual audited consolidated financial statements.

These Financial Statements were approved and authorized for issue by the Board of Directors on May 4, 2017.

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

The consolidated statement of financial position is presented in order of liquidity.

2.3 Future accounting pronouncements

The IASB has issued the following pronouncements:

- Amendments to IAS 7 *Statement of cash flows* are effective for annual periods beginning on or after January 1, 2017. The amendments clarify that entities shall provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities.

- Amendments to IAS 12 *Income taxes* are effective for annual periods beginning on or after January 1, 2017. The amendments clarify several aspects of the standard including: deductible temporary differences relating to unrealized losses on debt instruments, estimations of future taxable profits, and how an entity assesses deferred tax assets.

- Amendments to IFRS *2 Share-based payments* are effective for annual periods beginning on or after January 1, 2018. The amendments provide guidance on the accounting for the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments; share-based payment transactions with a net settlement feature for withholding tax obligations; and a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled.

- IFRS 9 *Financial Instruments* has been amended, effective for annual periods beginning January 1, 2018. The amended standard replaces IAS 39 *Financial Instruments: Recognition and Measurement* and all previous versions of IFRS 9. The 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.

- IFRS 10 *Consolidated Financial Statements* has been amended to require certain transactions that must be recognized by the parent in the event that a parent loses control of a subsidiary.

- IFRS 15 *Revenue from Contracts with Customers* has been issued and will be required to be adopted, with retrospective application, effective for annual periods beginning on or after January 1, 2018. This standard will be effective for Big Rock fiscal year beginning on December 31, 2018. IFRS 15 establishes a five-step model that will apply to revenue earned from a contract with a customer (with limited exceptions), regardless of the type of revenue transaction or the industry. The standard also provides a model for the recognition and measurement of sales of some non-financial assets (e.g., disposals of property, plant and equipment).

- IFRS 16 *Leases* has been issued which will be required to be adopted effective for annual periods beginning on or after January 1, 2019. For Big Rock this standard will be effective for the fiscal year beginning December 31, 2019. IFRS 16 provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17.

Early adoption of the above standards, amendment and interpretations is permitted. The Corporation is currently assessing what impact the application of these standards or amendments will have on the financial statements of the Corporation.

(In thousands of Canadian dollars, unless otherwise stated)

3. NET REVENUE

	Three months ended March 31	
	2017	2016
Gross product revenues	$ 13,283	$ 11,820
Federal excise taxes	(1,186)	(1,061)
Provincial liquor tax programs	(2,508)	(1,858)
Net Revenue	**$ 9,589**	$ 8,901

Gross product revenues include wholesale beer and cider revenues as well as retail store and restaurant sales. Revenue for beer and cider represents gross sales to the provincial liquor control board less excise taxes and commissions arriving at the net proceeds to Big Rock. Beer and cider revenue for other provincial jurisdictions represents net sales to the liquor control boards, after commissions. Federal excise taxes are assessed on world-wide production of beer at tiered rates up to $31.84 per hectolitre and on flavoured cider production at $30.10 per hectolitre. Provincial liquor control board commissions cover distributions and other service charges.

During the quarter ended March 31 2017, Big Rock received grant proceeds of $2,507 (March 31, 2016 - $nil) through the Alberta Small Brewers Development Grant Program. Grant proceeds of $2,699 have been included as an offset to the Provincial liquor tax programs expense. As at March 31, 2017, $417 (December 30, 2016 - $609) is reflected as deferred revenue and included in Accounts payable and accrued liabilities.

4. COST OF SALES

	Three months ended March 31	
	2017	2016
Operating expenses	$ 5,353	$ 4,853
Depreciation and amortization	612	469
Cost of sales	**$ 5,965**	$ 5,322

5. SELLING EXPENSES

	Three months ended March 31	
	2017	2016
Delivery and distribution costs	$ 873	$ 727
Salaries and benefits	931	848
Marketing	319	275
Regional sales	987	989
Community sponsorship and other	185	178
Selling expenses	**$ 3,295**	$ 3,017

(In thousands of Canadian dollars, unless otherwise stated)

6. GENERAL AND ADMINISTRATIVE EXPENSES

	Three months ended March 31	
	2017	2016
Salaries and benefits [(1)]	$ 721	$ 746
Professional fees	228	161
Reporting and filing fees	39	42
Insurance	58	55
Building maintenance and taxes	99	94
Bank charges	34	45
Office, administrative and other	188	367
General and administrative expenses	**$ 1,367**	$ 1,510

[(1)] Salaries and benefits include share option expense of $nil (2016 - $79) and share appreciation rights expense of $144 (2016 – $146).

7. FINANCE EXPENSES

	Three months ended March 31	
	2017	2016
Interest on long-term debt	$ 71	$ 45
Interest on operating facility	22	12
Finance expenses	**$ 93**	$ 57

8.NET LOSS PER SHARE

The calculation of loss per share is based on the following data:

	Three months ended March 31	
Basic	2017	2016
Net loss	$ (907)	$ (783)
Shares outstanding, beginning of the period	6,875,928	6,875,928
Weighted average # of shares issued during the period	75,164	—
Basic # shares outstanding during the period	6,951,092	6,875,928
Effect of stock options outstanding	—	—
Diluted # shares outstanding during the period	6,951,092	6,875,928
Net loss per share:		
Basic	$ (0.13)	$ (0.11)
Diluted	$ (0.13)	$ (0.11)

(In thousands of Canadian dollars, unless otherwise stated)

9. 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 comprised of:

As at	March 31, 2017	December 30, 2016
Provincial liquor boards	$ 1,028	$ 1,116
Other receivables	238	178
Total accounts receivable	**$ 1,266**	$ 1,294

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

As at	March 31, 2017	December 30, 2016
Less than 30 days	$ 1,066	$ 1,018
30 – 60 days	167	205
60 – 90 days	17	56
Over 90 days	16	15
Total accounts receivable	**$ 1,266**	$ 1,294

The Corporation holds no collateral for any receivable amounts outstanding as at March 31, 2017.

10. INVENTORIES

Inventories are categorized as follows:

As at	March 31, 2017	December 30, 2016
Raw materials and glass containers	$ 1,938	$ 1,583
Brews in progress	1,287	1,162
Finished product	2,011	1,792
Consignment product	437	444
Retail inventory	140	163
Total inventories	**$ 5,813**	$ 5,144

During the three months ended March 31, 2017, charges of $203 (2016 - $210) were recorded to cost of sales relating to obsolete, promotional and resale goods and damaged unusable packaging and finished goods inventory.

In the three months ended March 31, 2017, there were no reversals of amounts previously charged to income in respect of write-downs of inventory (2016 - $nil).

(In thousands of Canadian dollars, unless otherwise stated)

11. PREPAID EXPENSES AND DEPOSITS

As at	March 31, 2017	December 30, 2016
Community sponsorship	$ 55	$ 44
Insurance and property taxes	189	127
Equipment deposits, rental and maintenance	128	123
Promotional materials	154	30
Other	77	86
	$ 603	$ 410

12. BANK INDEBTEDNESS AND LONG-TERM DEBT

On December 30, 2016, Big Rock signed a commitment letter to revise the Corporation's bank debt. The Corporation has a $5 million revolving operating loan facility and a $6 million 5-year term revolving loan facility. The revolving loan facility is available for general operating purposes and funding capital expenditures as required. The $6 million 5-year term revolving loan facility is available to fund capital expenditures. Advances under the credit facilities may be made by way of Canadian prime rate loans and letters of credit. Interest is payable for prime-based loans under the revolving operating facility at the financial institution's prime rate plus 0.75 percent and on the term facility at the financial institution's prime rate plus 1.5 percent. Fees for letters of credit are at 2.5 percent with a minimum fee payable. Both facilities mature after a term of 5 years and any undrawn amounts under the facility will expire on March 23, 2021, 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 covenants which are tested at each reporting date. They include the maintenance of a rolling 12-month fixed charge ratio which is required to be a minimum of 1.1 to 1, calculated as the rolling 12-month earnings before interest, taxes and depreciation ("EBITDA"), less an amount for maintenance capital compared to the rolling 12-months fixed charges. Fixed charges are the sum of principal repayments, interest, dividends and income taxes paid. In addition, Big Rock's borrowings cannot exceed a borrowing base which is determined by the fair value of the Corporation's assets. Big Rock was in compliance with its covenants at March 31, 2017.

As at March 31, 2017, bank indebtedness was $4,192 (December 30, 2016 - $2,843), of which $3,190 was outstanding on the operating loan facility (December 30, 2016 - $2,435).

As at	March 31, 2017	December 30, 2016
Term debt	$ 3,416	$ 3,533
Finance lease (Note 13)	—	2,500
Debt issue costs	(31)	(32)
	3,385	6,001
Current portion	(337)	(662)
Long term debt	**$ 3,048**	$ 5,339

(In thousands of Canadian dollars, unless otherwise stated)

13. OBLIGATION UNDER FINANCE LEASE

As at	March 31, 2017			December 30, 2016		
	Future minimum lease payments	Interest	Present value of minimum lease payments	Future minimum lease payments	Interest	Present value of minimum lease payments
Less than one year	$ 439	$ 123	$ 316	$ –	$ –	$ –
Between one and five years	2,396	300	2,096	–	–	–
	2,835	423	2,412	–	–	–
Reported as:						
Current portion			$ 316			$ –
Long term portion			2,096			–
Present value of finance lease			**$ 2,412**			$ –

On July 9, 2015, Big Rock signed a commitment letter for a $2.5 million finance lease facility which was available to purchase certain equipment relating to the Corporation's Ontario expansion. On January 25th, 2017, the finance facility was converted to a sale and leaseback arrangement for $2.5 million. The lease agreement matures after a term of five years and the interest rate of 5.42% is fixed at the contract date. Lease repayments are fixed and no arrangements have been entered into for contingent rental payments.

As of March 31, 2017, the net carrying amount of the leased assets is $2,442. The depreciation of the assets recorded under finance lease is included in the cost of sales line item of the consolidated statements of comprehensive loss. The obligation under finance lease is secured by the lessor's rights over the leased assets.

14. 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:

As at	March 31, 2017	December 30, 2016
Less than 30 days	$ 3,891	$ 3,900
30 – 60 days	–	37
60 – 90 days	–	–
Over 90 days	–	–
Total accounts payable and accrued liabilities	**$ 3,891**	$ 3,937

15. SHARE-BASED PAYMENTS

Big Rock has a Share Option Plan and a Share Appreciation Rights ("SAR") Plan both of which are a component of overall compensation of directors, officers, and employees of the Corporation. The Compensation and Human Resources Committee of the Board of Directors of Big Rock 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.

(In thousands of Canadian dollars, unless otherwise stated)

15.1 Share option plan

The Corporation has a share 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. Share options granted under the plan include a maximum exercise period of five years and vest immediately upon issue. The Corporation is authorized to issue options for a maximum of 10% of the issued and outstanding common shares pursuant to the share option plan.

The following is a summary of option transactions under the Corporation's Share Option Plan:

As at	March 31, 2017		December 30, 2016	
	# of options	Weighted average exercise price ($)	# of options	Weighted average exercise price ($)
Balance, beginning of year	585,000	$ 11.56	517,000	$ 13.10
Exercised	(105,700)	5.51	—	—
Expired	—	—	(49,000)	13.74
Cancelled	(479,300)	12.89	—	—
Granted	—	—	117,000	5.64
Balance, end of period	—	$ —	585,000	$ 11.56

15.2 Share appreciation rights plans

Under the Share Appreciation Rights ("SAR") Plan, the Board of Directors may issue an unlimited number SARs. SARs that were issued in 2017 vest over three years, with one third vesting immediately, one third vesting on year one and the balance vesting on year two. Prior to 2017, issued SARs vest immediately. All SARs are exercisable for five years after grant date. The exercise of SARs is 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 Statement of Financial Position and as a compensation expense in the Consolidated Statements of Comprehensive Loss.

On March 2, 2017 the Corporation granted 156,000 SARs with an exercise price of $6.16.

As at March 31, 2017, the fair value of the SARs resulted in a liability of $480 (December 30, 2016 - $336). An expense of $144 for the three months ended March 31, 2017 was recorded in general and administrative expenses (March 31, 2016 –$146).

(In thousands of Canadian dollars, unless otherwise stated)

15.2 Share appreciation rights plans (continued)

The weighted average fair value of the SARs outstanding at the balance sheet date was estimated using the Black-Scholes option pricing model and the weighted average assumptions used for the calculations were:

	March 2, 2017	March 10, 2016
SARs granted (#)	156,000	79,000
Exercise price ($)	6.16	5.12
Expiry date	March 2, 2022	March 10, 2021
Weighted average fair value ($)	2.06	2.28
Risk-free interest rate (%)	1.11	0.98
Expected life (years)	4.92	3.94
Dividend rate (%)	0.00	0.00
Volatility (%)	35.3	35.3

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

As at	March 31, 2017		December 30, 2016	
	# of SARs	Weighted average exercise price	# of SARs	Weighted average exercise price
Balance, beginning of year	426,900	$ 10.99	391,900	$ 12.24
Forfeited	—	—	(32,000)	13.85
Exercised	—	—	(12,000)	5.47
Expired	(33,500)	12.51	—	—
Granted	156,000	6.16	79,000	5.12
Balance, end of period	549,400	$ 9.52	426,900	$ 10.99

16. LEASE INCENTIVE LIABILITY

At March 31, 2017, Big Rock had a lease incentive liability of $199 (December 30, 2016 - $186) associated with the Corporation's building leases. Amortization is recorded on a straight line basis over the term of the leases and included in expenses.

17. SHARE CAPITAL

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

	March 31, 2017		December 30, 2016	
	# of shares	$ Amount	# of shares	$ Amount
Outstanding at beginning of period	6,875,928	$ 113,121	6,875,928	$ 113,121
Shares issued upon exercise of options	105,700	638	—	—
Outstanding at end of period	6,981,628	$ 113,759	6,875,928	$ 113,121

(In thousands of Canadian dollars, unless otherwise stated)

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, 2017	December 30, 2016
Cash	$ (306)	$ (207)
Total debt	9,989	8,844
Shareholders' equity:		
Shareholders' capital	113,759	113,121
Contributed surplus	1,438	1,438
Accumulated deficit	(78,196)	(77,289)
Total shareholders' equity	37,001	37,270
Total capitalization (total debt plus shareholders' equity, net of cash balances)	$ 46,684	$ 45,907

The Corporation manages the capital structure through prudent levels of borrowing, cash-flow forecasting, and working capital management. Adjustments are made by considering changes in economic conditions and the risk characteristics of the underlying assets.

In order to maintain or adjust the capital structure, the Big Rock may issue new shares, issue or renegotiate its debt, acquire or dispose of assets or adjust the amount of cash and cash equivalents. Capital requirements of the Corporation are managed by the preparation of an annual expenditure budget which is approved by the Board of Directors and monitored on a regular basis by Management. The budget is 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) EBITDA to net debt (debt less cash) and (ii) EBITDA to debt repayments, interest, dividends and income taxes paid. EBITDA to net debt is calculated by dividing debt minus cash by EBITDA. EBITDA to debt repayments, interest, dividends and income taxes paid is calculated by dividing the combined debt repayments, interest, dividends and income taxes paid by EBITDA. These capital management policies, which remain unchanged from prior periods, provide Big Rock with access to capital at a reasonable cost.

19. CHANGE IN NON-CASH WORKING CAPITAL

	Three months ended March 31	
	2017	2016
Accounts receivable	$ 28	$ (371)
Inventory	(669)	(251)
Prepaid expenses	(193)	113
Accounts payable and accrued liabilities	(46)	1,278
Current taxes receivable/payable	(65)	(129)
Total change in non-cash working capital	$ (945)	$ 640

(In thousands of Canadian dollars, unless otherwise stated)

20. SEGMENTED INFORMATION

For management purposes, the Corporation is organized into operating segments based on its products, services, location and distribution methods. Ten operating segments have been identified and have been aggregated into two reportable segments: the wholesale segment, which manufactures and distributes beer and cider to and through, provincial liquor boards which is subsequently sold on to end consumers and the retail segment, which sells beverages, food and merchandise to end consumers on premises owned and/or operated by the Corporation.

The wholesale segment has similar production processes, types of customers and products that are shipped to customers rather than sold on-site. The retail segment has been aggregated to reflect the products and services sold directly to the end consumer through premises owned and operated by Big Rock.

Executive management monitors the results of its operating segments separately for making decisions about resource allocation and performance assessment. Segment performance is evaluated on a number of measures, the most significant being profit or loss, which is measured consistently with the definition of profit or loss in the consolidated financial statements. Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

Operating assets and liabilities are managed on a corporate basis. General and administrative expenses, current taxes, deferred taxes and capital expenditures are not allocated to segments as they are also managed on a corporate basis. Inter-segment revenues are eliminated on consolidation and are reflected in the "eliminations" column. All other adjustments and eliminations are part of detailed reconciliations presented below.

Profit by Segment

Period Ended March 31	Wholesale		Retail		Eliminations		Consolidated	
	2017	2016	2017	2016	2017	2016	2017	2016
Net Revenue	$9,056	$ 8,547	$ 668	$ 496	$ (135)	$ (142)	$ 9,589	$ 8,901
Cost of sales	5,247	4,964	853	500	(135)	(142)	5,965	5,322
Gross profit	3,809	3,583	(185)	(4)	—	—	3,624	3,579
Selling expenses	3,262	3,008	33	9	—	—	3,295	3,017
Segment profit	$ 547	$ 575	$ (218)	$ (13)	$ —	$ —	329	562
General and administrative costs							1,367	1,510
Depreciation and amortization							119	170
Operating Loss							(1,157)	(1,118)
Finance expense							93	57
Other income							13	78
Loss before income taxes							$ (1,237)	$ (1,097)

(In thousands of Canadian dollars, unless otherwise stated)

21. COMMITMENTS AND CONTRACTUAL OBLIGATIONS

Big Rock has entered into various commitments for expenditures covering utilities, raw materials, marketing initiatives and leasing of facilities. The commitments for the next 5 years are as follows:

	2017	2018	2019	2020	2021	thereafter
Utilities contracts	$ 95	$ 57	$ —	$ —	$ —	$ —
Raw material purchase commitments	2,312	—	—	—	—	—
Marketing sponsorships	237	336	181	80	81	—
Operating leases	697	711	691	755	763	2,046
Long term debt repayments	337	328	328	1,276	1,148	—
Finance lease repayments	316	334	352	372	1,039	—
Total	$ 3,994	$ 1,766	$ 1,552	$ 2,483	$ 3,031	$ 2,046

Big Rock has entered into operating lease agreements for storage facilities, warehouses, breweries, and retail locations. The remaining lease terms range between four and 10 years. Certain leases contain extension and renewal options. As at March 31, 2017, operating lease payments of $207 (2016 - $214) were recognized as expense in the Statement of Comprehensive Loss.

22. COMPARATIVE AMOUNTS

Certain prior year amounts have been reclassified to conform to the current year presentation.

23. SUBSEQUENT EVENTS

The Corporation executed a binding sales agreement on January 20, 2017 to sell a total of 3.6 acres of undeveloped land for gross proceeds of $2,538. The land will be sold in two parcels. The first parcel closed on April 18, 2017, and the second closing will follow 180 days thereafter. Pursuant to the sales agreement, Big Rock has committed to certain upgrades to the land that address municipal water management requirements. The purchaser is withholding approximately $400 of the gross proceeds, which will be released to Big Rock upon completion of these upgrades.