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 years ended December 30, 2017 and 2016.

This MD&A should be read in conjunction with the audited consolidated financial statements of the Corporation and accompanying notes as at and for the years ended December 30, 2017 and 2016 (the "Financial Statements"). The financial statements have been prepared using International Financial Reporting Standards ("IFRS") and all amounts are reported in thousands of Canadian dollars unless otherwise noted. Additional information about the Corporation, including the Annual Information Form for the year ended December 30, 2017, 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 section "Forward-Looking Information" contained at the end of this document. This MD&A is dated March 8, 2018.

CORPORATE PROFILE

Big Rock Brewery is headquartered in Calgary, Alberta. The Corporation 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, located in Calgary, Alberta has been in operation since 1985.

In April 2015, Big Rock opened a brewery and eatery in Vancouver, BC's thriving downtown craft beer district. This combined brewery and brewpub serves on-premise consumers 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 Liberty Commons at Big Rock Brewery tasting room and restaurant.

Big Rock products are sold in five provinces and two territories in Canada. 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.

INDUSTRY TRENDS AND INDICATORS

The Canadian beer industry has become increasingly polarized, with sales growth occurring in value-priced products 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 products to be spread thin.

Big Rock's operating results for the year ended December 30, 2017 were negatively impacted by increased costs caused by the Alberta government's revision to the mark-up and grant structure that was implemented in the latter part of 2016. Under this revised structure, the maximum grant rate available to producers is based on an optimal annual sales level of 150,000 hectolitres ("hl") in Alberta. Big Rock's Alberta sales volumes exceed this threshold, which resulted in higher net costs per hl compared to the costs per hl imposed by the mark-up program that was in place during the first three quarters of 2016. To improve Big Rock's grant rate going forward, the Corporation took steps to optimize its Alberta sales volumes and profit margins by discontinuing two lower margin products in 2017, reducing the number of limited-time offer price discounts presented to customers, and implemented price increases on value-priced and private label products in Alberta in the fourth quarter of 2017.

As a result, Big Rock's net mark-up rate (mark-up less grant), and profit margins improved during the last quarter of 2017. Big Rock expects the grant rate improvement to continue until the end of July 2018, at which time the grant rate will be reset, based on the existing Alberta Small Brewers Development Grant policy currently in effect, Government's grant policy. In December 2017, the Alberta Government announced a decrease to its mark-up rate for self-distributed cider products, which is expected to have a positive impact on the Corporation's 2018 results. Big Rock continues to work with the Alberta Government with the objective of improving the environment for growth beyond 150,000 hl in the province. As well, Big Rock continues to work with the regulators in all provinces in which the Corporation operates.

Big Rock grew production volumes and net revenue for the three months and year ended December 30, 2017. The fastest pace of growth was seen in the Ontario market, where sales have more than doubled compared to the same period in 2016, due mainly to the opening of the Etobicoke brewery in the fall of 2016. Big Rock beer products are now available in all three key retail channels in Ontario: the Liquor Control Board of Ontario retail stores, The Beer Store outlets and licensed grocery chains. Although the pace of growth in Alberta during 2017 was tempered considerably by the previously mentioned discontinuance of two low margin products, sales of Alberta Genuine Draft ("AGD"), Big Rock's most approachable lager, and Big Rock branded products continued to increase in Alberta during the fourth quarter.

Big Rock packaged product sales increased during 2017, particularly in Alberta. These increases were led by AGD and private label brands, the limited-edition Canada 150 and the fall edition variety packs, and newer brands such as Pilsner and Rhinestone Cowboy. Packaged product increases were partially offset by decreases in keg sales due to the general declines in keg sales in the industry and the proliferation of new craft breweries in Alberta, which tend to sell exclusively in keg format in their initial stages. Similar trends were seen in the Corporation's private label business, where new packaged products contributed to increased sales, but on-premise keg sales declined.

Growth was partially offset by a reduction in sales of Big Rock products in British Columbia during 2017 compared to 2016. The decline is partly due to a conscious effort to improve margins by de-emphasizing value-priced products, but also reflects the effect of ever-increasing competition due to the cumulative expansion in the number of breweries and products in the province all vying for a comparatively stagnant number of listings offered through the government and retail channels.

SELECTED ANNUAL FINANCIAL INFORMATION

($000, except volumes and per share amounts)	Year Ended December 30		
	2017	2016	2015
Sales Volumes (hl)	209,420	199,454	181,857
Statements of Comprehensive Income Data			
Net revenue	46,573	43,126	39,582
Operating loss	(1,037)	(266)	(1,012)
Net loss	(1,020)	(453)	(1,075)
Net loss per share (basic and diluted)	$ (0.15)	$ (0.07)	$ (0.16)
Statements of Financial Position Data			
Total assets	52,119	55,209	51,315
Total debt[(1)]	6,416	8,844	5,136

(1) Includes bank indebtedness, long term debt and obligation under finance lease.

SELECTED QUARTERLY FINANCIAL INFORMATION

Big Rock experiences seasonal fluctuations in volumes, net sales revenue and net income with the second and third quarters typically being stronger than the first and fourth quarters. 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.

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

	2017				2016			
($000, except hl and per share amounts)	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Sales volumes (hl)	47,165	57,075	61,703	43,477	46,993	54,237	56,524	41,700
Net revenue	$11,089	$12,399	$13,496	$ 9,589	$10,439	$11,669	$12,117	$ 8,901
Operating profit (loss)	33	(159)	246	(1,157)	(220)	416	656	(1,118)
Net income (loss)	(141)	(179)	207	(907)	(287)	234	383	(783)
Earnings per share (basic and diluted)	$ (0.02)	$ (0.03)	$ 0.03	$ (0.13)	$ (0.04)	$ 0.03	$ 0.06	$ (0.11)
$ Per /hl Amounts								
Net revenue	235.11	217.24	218.73	220.55	222.14	215.15	214.37	213.45
Cost of sales	146.95	124.45	124.42	137.20	137.59	112.97	116.09	127.63
Selling expenses	60.95	73.87	63.27	75.79	60.68	63.31	59.16	72.35
General and administrative	24.02	19.68	25.14	31.44	25.54	28.69	25.72	36.21
Operating profit (loss)	0.70	(2.79)	3.99	(26.61)	(4.68)	7.67	11.61	(26.81)
Net income (loss)	(2.99)	(3.14)	3.35	(20.86)	(6.11)	4.31	6.78	(18.78)

RESULTS OF OPERATIONS

Net revenue includes wholesale beer and cider sales, net of excise taxes and provincial government liquor taxes, and retail restaurant and store sales from Big Rock's Alberta, BC and Ontario locations. Geographically, Alberta continued to represent the largest share of the Corporation's sales, followed sequentially by BC and Ontario.

Net revenue for the year ended December 30, 2017 increased by $3,447 (8.0%) to $46,573, compared to $43,126 for the year ended December 30, 2016, and increased the quarter ended December 30, 2017 by $650 (6.2%) to $11,089, compared to the same period in 2016. Revenue increases were attributed to increase in beer sales primarily from the value brand and private label categories.

Gross revenue was $65,523 for the year ended December 30, 2017 an increase of $7,199 (12.3%) over the prior year and was increased by $442 (3.1%) to $14,905 for the fourth quarter of 2017 compared to the fourth quarter of 2016. Gross revenue increases for the year and quarter ended December 30, 2017 were offset, in part, by increased provincial liquor tax program costs of $3,266 (33.1%) and $98 (3.6%), respectively. The proportionately higher increase in liquor tax as compared to the increase in gross revenue is primarily due to the previously noted changes in the Alberta provincial liquor mark-up and grant program.

Cost of sales increased during the year and quarter ended December 30, 2017 compared to the same periods in 2016 mainly due to an increase in sales, and inclusion of a full year of operations from the Ontario facilities that were opened in late 2016 and early 2017.

Big Rock reported an operating loss of $1,037 for the year ended December 30, 2017, compared to an operating loss of $266 in the prior year. The current year-to-date operating results reflect increased liquor taxes, increased selling costs and an increase in non-cash share-based compensation expense.

Fourth quarter results in 2017 reported operating income of $33 compared to a loss of $220 in the fourth quarter of 2016. This was mainly due to a reduction in general and administrative costs incurred in the quarter.

SEGMENTED INFORMATION

Big Rock has two reportable business segments, wholesale and retail, 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, grocery chains, and on-premise customers which is subsequently sold to end consumers. The retail segment sells beverages, food and merchandise to end consumers through premises owned and/or operated by the Corporation.

Segment performance is evaluated on a number of measures, the most significant being gross profit net of selling expenses. 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, general and administrative expenses, income taxes and capital expenditures are managed on a corporate basis.

SEGMENTED RESULTS

For the three months ended December 30

	Wholesale		Retail		Eliminations		Consolidated	
	2017	2016	2017	2016	2017	2016	2017	2016
Net Revenue	$ 10,660	$ 9,951	$ 607	$ 626	$ (178)	$ (138)	$ 11,089	$ 10,439
Cost of sales	6,136	5,815	973	789	(178)	(138)	6,931	6,466
Gross profit	4,524	4,136	(366)	(163)	—	—	4,158	3,973
Selling expenses	2,851	2,841	24	11	—	—	2,875	2,852
Segment profit	$ 1,673	$ 1,295	$ (390)	$ (174)	$ —	$ —	$ 1,283	$ 1,121
General & administrative costs							1,133	1,200
Depreciation and amortization							117	141
Operating income (loss)							33	(220)
Finance expense							68	111
Other income (expense)							(150)	18
Income (loss) before income taxes							$ (185)	$ (313)

For the year ended December 30

	Wholesale		Retail		Eliminations		Consolidated	
	2017	2016	2017	2016	2017	2016	2017	2016
Net Revenue	$ 44,666	$ 41,642	$ 2,660	$ 2,126	$ (753)	$ (642)	$ 46,573	$ 43,126
Cost of sales	24,906	22,818	3,523	2,301	(753)	(642)	27,676	24,477
Gross profit	19,760	18,824	(863)	(175)	—	—	18,897	18,649
Selling expenses	14,167	12,603	123	44	—	—	14,290	12,647
Segment profit	$ 5,593	$ 6,221	$ (986)	$ (219)	$ —	$ —	$ 4,607	$ 6,002
General and administrative costs							5,174	5,720
Depreciation and amortization							470	548
Operating loss							(1,037)	(266)
Finance expense							333	349
Other income							2	123
Loss before income taxes							$ (1,368)	$ (492)

I. Net Revenue

($000, except volumes)	Three months ended December 30			Year ended December 30		
	2017	2016	Change	2017	2016	Change
Sales volumes (hl)	47,165	46,993	172	209,420	199,454	9,966
Gross revenue	14,905	14,463	442	65,523	58,324	7,199
Federal excise taxes	(978)	(1,284)	306	(5,822)	(5,336)	(486)
Provincial liquor tax programs	(2,838)	(2,740)	(98)	(13,128)	(9,862)	(3,266)
Net revenue	**11,089**	**10,439**	**650**	**46,573**	**43,126**	**3,447**
Net revenue by segment						
Wholesale	10,482	9,813	669	43,913	41,000	2,913
Retail	607	626	(19)	2,660	2,126	534
Net revenue	11,089	10,439	650	46,573	43,126	3,447
$ per hl						
Wholesale net revenue	222.24	208.82	13.42	209.69	205.56	4.13

Wholesale Revenue

Wholesale net revenue and volumes increased by $2,913 (7.1%) and 9,966 hl (5.0%), for the year ended December 30, 2017, compared to the prior year.

Volumes in the value brand and private label categories continue to grow, primarily in Alberta. Fourth quarter beer volumes increased compared to 2016 due to the launch of new variety packs and the award-winning Pilsner and Rhinestone Cowboy products. Sales for the fourth quarter of 2017 also include revenue and volumes from the Ontario facilities, which commenced commercial operations in the fourth quarter of 2016, and are primarily comprised of higher margin permanent brand beer sales.

Wholesale net revenue and volumes increased by by $669 (6.8%) and 172 hl (0.4%), for the fourth quarter ended December 30, 2017 compared to the same period in 2016. Net revenue increases, on a percentage basis, are higher than volume increases in the fourth quarter of 2017 reflecting price increases on value and private label brand categories near the end of the third quarter.

Retail Revenue

Retail net revenue increased by $534 (25.1%) for the year ended December 30, 2017 compared to the same period in 2016 mainly due to the inclusion of the Ontario-based retail stores, which opened late in the fourth quarter of 2016, and the Liberty Commons restaurant which opened in early 2017.

II. Cost of Sales

($000, except volumes)	Three months ended December 30			Year ended December 30		
	2017	2016	Change	2017	2016	Change
Sales volumes (hl)	47,165	46,993	172	209,420	199,454	9,966
Operating expenses	4,713	4,649	64	18,790	17,239	1,551
Salaries and benefits	1,595	1,261	334	6,414	5,227	1,187
Depreciation	623	556	67	2,472	2,011	461
Cost of Sales	**6,931**	**6,466**	**465**	**27,676**	**24,477**	**3,199**

($000, except volumes)	Three months ended December 30			Year ended December 30		
	2017	2016	Change	2017	2016	Change
Cost of sales by segment						
Wholesale:						
Materials	3,294	2,964	330	12,855	11,742	1,113
Labour	1,278	1,261	17	5,262	5,227	35
Overhead	856	970	(114)	3,936	3,409	527
Depreciation	530	517	13	2,100	1,860	240
Wholesale cost of sales	5,958	5,712	246	24,153	22,238	1,915
Retail:						
Operating costs	880	715	165	3,151	2,088	1,063
Depreciation	93	39	54	372	151	221
Retail cost of sales	973	754	219	3,523	2,239	1,284
Cost of Sales	**6,931**	**6,466**	**465**	**27,676**	**24,477**	**3,199**

$/hl	Three months ended December 30			Year ended December 30		
	2017	2016	Change	2017	2016	Change
Wholesale cost of sales:						
Materials	69.84	63.07	6.77	61.38	58.87	2.51
Labour	27.10	26.83	0.27	25.13	26.21	(1.08)
Overhead	18.15	20.64	(2.49)	18.79	17.09	1.70
Depreciation	11.24	11.00	0.24	10.03	9.33	0.70
Wholesale cost of sales	$ 126.33	$ 121.54	$ 4.79	$ 115.33	$ 111.50	$ 3.83

Cost of sales increased for the three months and year ended December 30, 2017 by $465 and $3,199, respectively compared to the same period last year, as described below:

- Materials, which include ingredients and packaging, increased by $330 and $1,113 for the three months and year ended December 30, 2017, respectively. Materials cost increases are attributable to increased volumes and input costs, primarily for chemicals. More favourable exchange rates and changes in procurement management strategy partially offset these increases.

- Labour charges for the fourth quarter of 2017 increased by $17 and $35 for the three months and year ended December 30, 2017 due to an increase in production staff and temporary labour, partially offset by savings from improved management of plant labour overtime and scheduling.

- Overhead costs include utilities, repairs and maintenance and other production-related amounts, which are primarily fixed in nature. Overhead costs decreased by $114 for the three months ended December 30, 2017 and increased $527 for the year ended December 31, 2017 due to the inclusion of a full year of operations of the Ontario facilities in 2017, and higher utilities charges, which include a new carbon levy and increased water effluent charges in Alberta.

- Depreciation charges on production equipment increased $13 and $240 for the three months and year ended December 30, 2017 reflecting an increase in the depreciation base, largely driven by the capital cost of the Ontario facilities and a new bottling line in Calgary.

- Retail cost of sales increased by $219 and $1,284 for the three months and year ended December 30, 2017 due to the commencement of operations of two retail locations in Ontario in the later part of 2016 and the beginning of 2017. Most of these costs are fixed in nature and relate to overhead such as building lease costs and utilities.

III. Selling Expenses

($000)	Three months ended December 30			Year ended December 30		
	2017	2016	Change	2017	2016	Change
Selling:						
Delivery & distribution costs	$ 902	$ 803	$ 99	$ 3,940	$ 3,458	$ 481
Salaries & benefits	985	688	297	3,857	3,146	711
Marketing & sales expenses	988	1,360	(372)	6,493	6,043	450
Total selling expenses	$ 2,875	$ 2,851	$ 24	$ 14,290	$ 12,647	$ 1,643

$/hl	Three months ended December 30			Year ended December 30		
	2017	2016	Change	2017	2016	Change
Selling:						
Delivery & distribution	$ 19.12	$ 17.09	$ 2.03	$ 18.81	$ 17.34	$ 1.47
Salaries & benefits	20.88	14.64	6.24	18.42	15.77	2.65
Marketing & sales expenses	20.95	28.95	(8.00)	31.00	30.30	0.70
Total selling expenses	$ 60.95	$ 60.68	$ 0.27	$ 68.23	$ 63.41	$ 4.82

Selling expenses increased for the three months and year ended December 30, 2017 by $24 and $1,643 respectively, compared with the same period last year, as detailed below:

- Delivery and distribution costs increase $99 and $481 for the three months and year ended December 30, 2017 resulting from increased sales volumes.

- Salaries and benefit costs increased by $297 and $711 for the three months and year ended December 30, 2017 due to increased headcount and increased seasonal labour to facilitate summer festivals and activities.

- Marketing and sales costs decreased by $372 for the fourth quarter mainly because the fourth quarter of 2016 included costs associated with Big Rock's rebranding and increased efforts targeted at the Ontario markets, due to the Etobicoke brewery opening in September 2016. Costs increased by $450 for the year ended December 30, 2017 due to increased advertising, artwork and design costs associated with Big Rock's rebranding activity which was rolled out in the first quarter of 2017 and targeted product marketing campaigns throughout the year.

IV. General and Administrative Expenses

($000)	Three months ended December 30			Year ended December 30		
	2017	2016	Change	2017	2016	Change
General and Administrative:						
Salaries & benefits	$ 580	$ 435	$ 145	$ 2,734	$ 2,645	$ 89
Professional fees	186	198	(12)	978	873	105
Other administrative expenses	367	567	(200)	1,462	2,202	(740)
Total general & administrative expenses	$ 1,133	$ 1,200	$ (67)	$ 5,174	$ 5,720	$ (546)

General and administrative expense decreased by $67 and $546 respectively for the three months and year ended December 30, 2017, compared with the same period last year, as detailed below:

- Salaries and benefit costs increased by $145 for the quarter due primarily to higher share-based payment expense and employee relocation costs. Salaries and benefit costs increased by $89 for the year ended December 30, 2017 due to an increase in share-based payment expense, partly offset by reduction of severances and bonuses compared to the prior year.

- Professional fees, which include legal, audit, tax and accounting advisory services, decreased by $12 and increased by $105 for the three and twelve months ended December 30, 2017, respectively. The quarterly variance is mainly due to a decrease in advisory fees. The year-to-date variance is due to increased recruitment and IT consulting fees partly offset by a reduction of advisory fees.

- Other administrative expenses are lower than 2016 by $200 and $740 on a quarterly and annual basis, respectively. During 2016, pre-operating costs associated with the start-up of the Ontario facilities were included in other general and administrative expenses.

V. Finance Expenses

($000, except interest rates)	Three months ended December 30			Year ended December 30		
	2017	2016	Change	2017	2016	Change
Interest on operating facility	$ 3	$ 20	$ (17)	$ 55	$ 33	$ 22
Interest on long-term debt	65	91	(26)	278	316	(38)
Total finance expenses	$ 68	$ 111	$ (43)	$ 333	$ 349	$ (16)
Weighted average effective interest rate	3.0%	6.2%		4.6%	5.8%	

The carrying amount of bank indebtedness, long-term debt and finance lease obligations was $6,416 as at December 30, 2017 compared to $8,844 as at December 30, 2016. The interest rates applicable to all loans and borrowings are based on the lender's prime rate, plus an applicable margin. The decrease in interest expense for the year ended December 30, 2017 compared to the same period last year reflects the impact of lower average borrowings outstanding (See "Cash Flows - Financing Activities"), as well as an interest rate reduction which was negotiated in the December 2016 amendments to the loan facilities.

VI. Depreciation and Amortization

($000)	Three months ended December 30			Year ended December 30		
	2017	2016	Change	2017	2016	Change
Depreciation, Cost of Sales	$ 623	$ 555	$ 68	$ 2,472	$ 2,011	$ 461
Depreciation, Other	76	106	(30)	309	394	(85)
Amortization	41	39	2	161	154	7
Total	$ 740	$ 700	$ 40	$ 2,942	$ 2,559	$ 383

Depreciation expense included in cost of sales increased by $68 and $461 for the three months and year ended December 30, 2017 compared with the same periods last year due to the commissioning of the Ontario brewery and retail locations, and an increase in the depreciation base due to acquisition of production assets in 2017 and a reclassification in 2016 of retail-related assets from other depreciation to cost of sales. Other depreciation, which relates to non-production assets, decreased by $30 and $85 for the three months and year ended December 30, 2017 due to a reclassification of retail depreciation to cost of sales for assets that are related to the retail segment.

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

VII. Other Income

($000)	Three months ended December 30			Year ended December 30		
	2017	2016	Change	2017	2016	Change
Other income (expense)	$ (150)	$ 18	$ (168)	$ 2	$ 123	$ (121)

Other income (expense) includes a gain on the sale of undeveloped land adjacent to the Calgary production facilities that closed in 2017, which was offset by loss on disposition of equipment during the year.

VIII. Income Taxes

($000)	Three months ended December 30			Year ended December 30		
	2017	2016	Change	2017	2016	Change
Current income tax (recovery) expense	$ (33)	$ 12	$ (45)	$ (175)	$ (272)	$ 97
Deferred income tax (recovery) expense	(11)	(38)	27	(173)	233	(406)
Total	$ (44)	$ (26)	$ (18)	$ (348)	$ (39)	$ (309)

A current income tax recovery of $33 and $176 was recorded for the three months and year ended December 30, 2017 and reflects expected taxes recoverable arising from a loss carry back and the transitional provisions on the taxation of partnership deferral structures. A deferred tax recovery of $11 and $173 was recorded for the three months and year ended December 30, 2017. The deferred income tax provision differs from the statutory rate of 26.85% (2016 – 26.91%) due to permanent differences between the carrying amounts of assets and liabilities for accounting purposes and the tax basis, as well as the effect of non-deductible amounts.

FINANCIAL CONDITION

The following chart highlights significant changes in the Consolidated Statements of Financial Position from December 30, 2016 to December 30, 2017:

($000, unless otherwise stated)	**Increase/ (Decrease)**	**Primary factors explaining change**
Accounts receivable	352	Increase in outstanding balances from customers and GST receivable
Inventories	(158)	Decrease in consignment inventory, offset by an Increase in raw materials and finished product due to increased sales demand
Prepaid expenses & deposits	(41)	Timing of insurance payments and property tax
Current income taxes	160	Increase in expected recoverable income taxes
Property, plant and equipment (including land held for sale)	(3,590)	Additions, offset by asset disposals and depreciation charges
Intangible assets	230	Software and website additions in excess of amortization
Bank indebtedness	(2,759)	Decrease in the combined balances of outstanding cheques and the operating loan balance
Accounts payable & accrued liabilities	(464)	Timing of supplier payments
Share-based payments	324	Higher share appreciation rights valuation due to increase in share price and new grants
Long term debt & finance lease	331	Net increase repayment of term loans and finance lease
Lease incentive	42	Amortization of incentive
Deferred income taxes	(173)	Tax effect of changes in temporary differences

LIQUIDITY AND CAPITAL RESOURCES

Capitalization

As at December 30, ($000, unless otherwise stated)	2017	2016
Cash	$ (168)	$ (207)
Total debt	6,416	8,844
Net debt[(1)]	6,248	8,637
Shareholders' equity:		
Shareholders' capital	113,845	113,121
Contributed surplus	1,347	1,438
Accumulated deficit	(78,309)	(77,289)
Total shareholders' equity	36,883	37,270
Total capitalization (total debt plus shareholders' equity, net of cash) [(1)]	$ 43,131	$ 45,907
Net debt to capitalization ratio [(1)]	14.5%	18.8%

(1) Non-GAAP measure. See "Non-GAAP Measures"

Capital Strategy

The Corporation defines its total capitalization 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 to support 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, create long-term value and enhance returns for its shareholders.

Big Rock manages its capital structure through prudent levels of borrowing, cash-flow forecasting and working capital management, and has the ability to adjust its capital structure in response to changes in economic conditions and the risk characteristics of its underlying assets.

The Corporation may issue new shares, issue new debt, acquire or dispose of assets or adjust the amount of cash and cash equivalents to maintain or adjust its capital structure. 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 numerous 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 (total debt less cash balances) and (ii) EBITDA to debt repayments, interest, income taxes and dividends paid ("Fixed Charges"). EBITDA to net debt is calculated by dividing net debt 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:

($000)	Three months ended December 30			Year ended December 30		
	2017	2016	Change	2017	2016	Change
Net income (loss)	$ (141)	$ (287)	$ 146	$ (1,020)	$ (453)	$ (567)
Addback:						
Interest	68	111	(43)	333	349	(16)
Taxes	(44)	(26)	(18)	(348)	(39)	(309)
Depreciation & amortization	740	697	43	2,942	2,559	383
EBITDA [(1)]	$ 623	$ 495	$ 128	$ 1,907	$ 2,416	$ (509)

(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 "Cash Flows - Financing Activities").

Cash Flows

($000)	Three months ended December 30			Year ended December 30		
	2017	2016	Change	2017	2016	Change
OPERATING ACTIVITIES						
Net income (loss) for the period, adjusted for items not affecting cash	$ 651	$ 250	$ 401	$ 2,276	$ 2,664	$ (388)
Net change in non-cash working capital	2,354	(292)	2,646	(862)	879	(1,741)
Cash provided by (used in) operating activities	3,005	(42)	3,047	1,414	3,543	(2,129)
FINANCING ACTIVITIES						
Increase (decrease) in bank indebtedness	(4,732)	1,545	(6,277)	(2,759)	1,596	(4,355)
Proceeds from long-term debt	1,000		1,000	1,000	2,467	(1,467)
Repayment of long-term debt	(69)	(98)	29	(352)	(355)	3
Repayment of finance lease	(80)	—	(80)	(323)	—	(323)
Proceeds from exercised options	—	—	—	583	—	583
Cash provided by (used in) financing activities	(3,881)	1,447	(5,328)	(1,851)	3,708	(5,559)
INVESTING ACTIVITIES						
Purchase of property, plant & equipment	(612)	(2,029)	1,417	(1,690)	(7,691)	6,001
Purchase of intangible assets	(85)	–	(85)	(391)	(36)	(355)
Proceeds from sale of property, plant and equipment	1,642	11	1,631	2,479	143	2,336
Cash provided by (used in) investing activities	945	(2,018)	2,963	398	(7,584)	7,982
Net change in cash	$ 69	$ (613)	$ 682	$ (39)	$ (333)	$ 294

Operating Activities

Cash provided by operating activities for the three months ended December 30, 2017 totalled $3,005, an increase of $3,047 compared to the same period last year. This increase was primarily attributed to changes in non-cash working capital. Cash provided by operating activities for the year ended December 30, 2017 totalled $1,414, a decrease of $2,129 compared to the prior year. This decrease is due to a decrease in net income offset by an increase in non-cash working capital, which was mainly due to an increase in accounts receivable.

Financing Activities

Cash used in financing activities for the three months ended December 30, 2017 increased by $5,328 compared with the same period in 2016 primarily due to repayment of the operating line and term debt, partially offset by proceeds on the term facility. Cash used in financing activities for the year ended December 30, 2017 increased by $5,559 compared to 2016, as Big Rock repaid the operating line and term debt, which was partially offset by proceeds from the exercise of options 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 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. During the year ended December 30, 2017, proceeds of $1.0 million were received from long-term debt to fund capital expenditures, whereas $2.5 million was drawn on the long-term debt during the year ended December 30, 2016 to fund capital expenditures.

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 facilities 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 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. At December 30, 2017, Big Rock was in compliance with its covenants.

As at December 30, 2017, bank indebtedness was $84 (2016 - $2,843), of which $nil was outstanding on the operating loan facility (2016 - $2,435).

As at December 30,	2017	2016
Term debt	$ 4,181	$ 6,033
Debt issue costs	(26)	(32)
	4,155	6,001
Current portion	(417)	(662)
Long term debt	$ 3,738	$ 5,339

During 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 25, 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 for contingent rental payments.

As of December 30, 2017, the net carrying amount of the leased assets is $2,338 (2016 – nil). The depreciation of the assets recorded under finance lease is included in the cost of sales on the Consolidated Statements of Comprehensive Loss. The obligation under finance lease is secured by the lessor's rights over the leased assets.

As at	December 30, 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	$ 110	$ 329	$ –	$ –	$ –
Between one and five years	2,067	219	1,848	–	–	–
	2,506	329	2,177	–	–	–
Reported as:						
Current portion			$ 329			$ –
Long term portion			1,848			–
Present value of finance lease			$ 2,177			$ –

Investing Activities

($000)	Three months ended December 30			Year ended December 30		
	2017	2016	Change	2017	2016	Change
Land	$ 20	$ 53	$ (33)	$ 443	$ 59	$ 384
Buildings & leasehold improvements	25	—	25	99	3,421	(3,322)
Machinery & equipment	497	1,157	(660)	900	3,212	(2,312)
Office furniture & fixtures	70	819	(749)	248	999	(751)
Capital spending, tangible assets	612	2,029	(1,417)	1,690	7,691	(6,001)
Capital spending, intangible assets	85	—	85	391	36	355
Total capital spending	697	2,029	(1,332)	2,081	7,727	(5,646)
Proceeds on dispositions	(1,642)	(11)	(1,631)	(2,479)	(143)	(2,336)
Net capital spending	$ (945)	$ 2,018	$ (2,963)	$ (398)	$ 7,584	$ (7,982)

During the three months and year ended December 30, 2017, a total of $697 and $2,081 were spent on capital expenditures, compared to $2,029 and $7,727 for the same periods in 2016. Capital expenditures of $443 on land were required to finalize the sale of undeveloped land during the year, and expenditures on machinery and equipment were related to packaging and quality control equipment to finalize commissioning of the brewery and brewpub facilities and related equipment in Ontario. Capital expenditures in 2016 were primarily for the Ontario facilities. Net proceeds of $2,479 were received during 2017 from the sale of undeveloped land that was adjacent to the Calgary production facilities.

Shareholders' Capital

As At	December 30, 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	724	—	—
Outstanding at end of period	6,981,628	$ 113,845	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 December 30, 2017, based on a closing price of $6.66 per share, Big Rock's market capitalization was approximately $46.5 million. As at December 30, 2017 there were 6,981,628 issued and outstanding common shares.

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. The fair values of issued options and SARs is determined using the Black Scholes Option pricing model. The following share-based compensation expense is included in general and administrative expenses on the Statements of Comprehensive Loss for the years ended December 30, 2017 and 2016:

For the year ended December 30,	**2017**	2016
Equity-settled plans (Stock Options)	$ 50	$ 183
Cash-settled plans (SARs)	409	210
Total share-based compensation expense	$ **459**	$ 393

Share option plan – Equity Settled

Big Rock has granted stock options to certain officers and directors of the Corporation pursuant to the Stock Option Plan. Options granted under the plan are exercisable for a period of up to five years from date of grant, at an exercise price that is equal to the weighted average price at which Big Rock's shares have traded during the five trading days immediately preceding the date of grant.

Big Rock's options are granted with different vesting conditions: time-based vesting and market-performance based vesting. Time based share options granted in 2017 vest over five years, with one-fifth vesting upon grant date, followed by an additional one-fifth vesting on each subsequent anniversary date. Prior to 2017, options vested immediately.

Market-performance based vesting options, vest in tranches of one-third upon the closing price of the Corporation's shares equaling or exceeding $8.50, $10.50 and $11.50 respectively. None of the options are exercisable at December 30, 2017. The following options are outstanding as at December 30, 2017, and 2016:

As at December 30,		**2017**			2016	
	# Options	Weighted average exercise price ($)	Remaining Life (years)	# Options	Weighted average exercise price ($)	Remaining Life (years)
Time-based Options						
Outstanding	75,000	$ 7.75	4.67	585,000	$ 11.56	2.46
Exercisable	15,000	$ 7.75	4.67	585,000	$ 11.56	2.46
Market-performance Options						
Outstanding	69,000	$ 6.50	4.00	—	—	—
Exercisable	—	—	—	—	—	—

See Note 20.1 (a) and 20.1 (b) to the Audited Annual Consolidated Financial Statements for more information.

Share Appreciation Rights – Cash Settled

The Board of Directors may issue an unlimited number SARs under the SARs Plan. SARs granted under the plan are exercisable for a period of up to five years from date of grant, at an exercise price that is equal to the weighted average price at which Big Rock's shares have traded during the five trading days immediately preceding the date of grant. The exercise of SARs is settled in cash.

The following liability is recorded on the Consolidated Statements of Financial Position as at December 30, 2017 and 2016:

As at December 30,	**2017**	2016
Share-based payments - current	$ 599	$ 336
Share-based payments – long term	61	—
Total liability	$ 660	$ 336

Big Rock's SARs are granted with different vesting conditions: time-based vesting and market-performance based vesting. Time based SARs granted in 2017 vest over three years, with one third vesting immediately, one-third vesting on the first anniversary date and one-third vesting on the second anniversary date. SARs granted prior to 2017 vested immediately.

Market-performance based vesting SARs, vest in tranches of one-third upon the closing price of the Corporation's shares equaling or exceeding $8.50, $10.50 and $11.50 respectively. None of the SARs are exercisable at December 30, 2017.

Outstanding SARs

As at December 30,	2017				2016			
	# SARs	Weighted average exercise price ($)		Remaining Life (years)	# SARs	Weighted average exercise price ($)		Remaining Life (years)
Time-based SARs								
Outstanding	575,900	$	9.25	2.96	426,000	$	10.99	2.56
Exercisable	407,877	$	10.27	2.38	426,000	$	10.99	2.56
Market-performance SARs								
Outstanding	81,000	$	6.50	4.00	—		—	—
Exercisable	—		—	—	—		—	—

See Note 20.2 (a) and 20.2 (b) to the Audited Annual Consolidated Financial Statements for more information.

OFF BALANCE SHEET ARRANGEMENTS

Big Rock does not have any special purpose entities nor is it party to any arrangements that would be excluded from the balance-sheet, other than the operating leases summarized in Commitments and Contractual Obligations.

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 five years are as follows:

	2018	2019	2020	2021	2022	thereafter
Utilities contracts	$ 36	$ 30	$ 30	$ 30	$ —	$ —
Raw material purchase commitments	3,268	196	14	14	—	—
Marketing sponsorships	335	214	105	—	—	—
Operating leases	707	696	736	765	770	1,466
Long term debt repayments	417	437	458	480	503	1,886
Finance lease repayments	329	347	367	387	747	—
Total	$ 5,092	$ 1,920	$ 1,710	$ 1,676	$ 2,020	$ 3,352

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. Operating lease payments of $697 were recognized as an expense in the Consolidated Statements of Comprehensive Loss for the year ended December 30, 2017 (2016 - $825).

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 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.

The mark-up structure in Alberta as changed four times in the last five years, contributing to market uncertainty and has impacted Big Rock's results in a corresponding manner. In particular, the most recent changes, which were announced by the Alberta government in July 2016 stated 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 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 for the three months and year ended December 30, 2017 was 2.98% and 4.63%, respectively (2016 – 6.17% and 5.82%).

Credit risk

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

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 8, 2018 that is available on www.sedar.com.

CRITICAL ACCOUNTING ESTIMATES & JUDGEMENTS

There have been no changes in Big Rock's critical accounting estimates in the three months and year ended December 30, 2017. Further information on the Corporation's critical accounting policies and estimates can be found in the notes to the audited annual financial statements and MD&A for the year ended December 30, 2017.

FUTURE ACCOUNTING PRONOUNCEMENTS

The Corporation's consolidated financial statements as at and for the years ended December 30, 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 30, 2017 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. The IASB has issued the following pronouncements, which are not yet effective:

- 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. **This standard is applicable to the Corporation for the fiscal year commencing December 31, 2017 and is an**ticipate**d to have** minimal impact.

- 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. **This standard is applicable to the Corporation for the fiscal year commencing December 31, 2017 and is an**ticipate**d to have** minimal impact..

- Amendments to IFRS 2 *Share–based Payments* are effective for annual periods beginning on or after January 1, 2018. The amendments provide guidance on 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 and early adoption is permitted. 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 based on 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. These amendments introduce a single, forward – looking "expected loss" impairment model for financial assets which will require more timely recognition of expected credit losses, and a fair value through other comprehensive income category for financial assets that are debt instruments.

- 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 which 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 certain 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. Big Rock has not early adopted any of these standards, 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 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 December 30, 2017.

INTERNAL CONTROLS OVER FINANCIAL REPORTING UPDATE

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 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 for the year ended December 30, 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 December 30, 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 December 30, 2017. In addition, there were no material changes to Big Rock's internal controls over financial reporting since the most recent interim period.

OUTLOOK

Big Rock's operating results for the year ended December 30, 2017 were hampered by increased costs imposed by the Alberta government's August 2016 revision to the provincial mark-up and grant structure. Under this new structure, the maximum grant rate available to producers is based on an optimal annual sales level of 150,000 hl in Alberta. Big Rock's Alberta sales volumes exceed this threshold, which resulted in higher net costs per hl as compared to the costs per hl imposed by the mark-up program that was in place during the first nine months of 2016.

The Corporation initiated discussions with the Alberta government and undertook actions to mitigate the impact of higher net mark-up rates by reducing the number of limited-time offer price promotions and implementing price increases in Alberta for the fourth quarter of 2017 on Big Rock's value and private label brand categories. To improve Big Rock's grant rate going forward, the Corporation took steps to optimize its Alberta sales volumes and profit margins by discontinuing two lower margin products in 2017. As a result, Big Rock's net mark-up rate (mark-up less grant), and profit margins improved during the last quarter of 2017. Big Rock expects the grant rate improvement to continue until the end of July 2018, at which time the grant rate will be reset, based on the Alberta Small Brewer Development Grant Program current in effect.

Big Rock continues to work with the Alberta Government with the objective of improving the environment for growth beyond 150,000 hl in the province. In December 2017, the Alberta Government announced a decrease to its mark-up rate for self-distributed cider products, which is expected to have a positive impact on the Corporation'

s 2018 results. Big Rock continues to work with the regulators in all provinces in which we distribute our products.

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. An influx of new microbreweries in Alberta and general competition for taps in all markets contribute to continued pressure on the Corporation's keg product sales.

To diversify revenue base, Big Rock established a local presence in BC and Ontario over the last two years. 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. Growth in the BC market has been less than initially anticipated and reflects a conscious effort to improve margins by de-emphasizing value-priced products. In addition, there continues to be an increase in the number of breweries and products vying for a limited number of listings available through BC government and retail channels.

In response to consumer-driven demand, management will continue to invest in targeted marketing opportunities to create brand and product awareness and to emphasize its innovation, which will continue to add great new beers to the Big Rock portfolio. Growth in sales of the Big Rock branded products is expected to lift average margins which have been pressured by the recent increase in demand for Big Rock's value priced and private label products.

Management will continue to monitor and adjust the selling prices of its products, actively manage operating costs, assess regional profitability and focus on operating efficiencies. Management also plans to continue to introduce new permanent and seasonal brands from all three of its production hubs 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. A reconciliation of EBITDA to net income (loss), the nearest GAAP measure is contained under "Liquidity and Capital Resources – Capital Strategy". A reconciliation of total capitalization to cash, total debt and total shareholders'' equity and a reconciliation of net debt to cash and total debt are provided under "Liquidity and Capital Resources – Capitalization".

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, cash flows from operating activities or other relevant GAAP measures 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 expectations as to future events 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 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. This MD&A contains forward-looking statements pertaining to the following:

- expected sales volumes;
- the potential introduction of new permanent and seasonal brands;
- 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 and any further changes in the future;
- the expected reduction in the net mark-up rate (mark-up less grant) in effect in Alberta for the first half of 2018;
- the expected positive effect on the net mark-up rate for self-distributed cider products; 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, including the mark-up and grant rates, in which Big Rock operates;
- there will be no supply issues with Big Rock's vendors;
- the Corporation's sale of undeveloped land will close as anticipated and;
- the Corporation's ongoing discussions with the Alberta Government with respect to the mark-up and grant program will be successful in improving the mark-up and grant programs applicable to Big Rock.

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 2017 Annual Information Form dated March 8, 2018 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

March 8, 2018

Management's Responsibility for Financial Reporting

The accompanying consolidated financial statements of Big Rock Brewery Inc. and all information in Management's Discussion and Analysis are the responsibility of management and have been approved by the Board of Directors. The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards and, where appropriate, reflect management's best estimates and judgments. Management is responsible for the accuracy, integrity, and objectivity of the consolidated financial statements within reasonable limits of materiality and has ensured consistency with the financial information presented elsewhere in Management's Discussion and Analysis.

To assist management in the discharge of these responsibilities, the Corporation has established an organizational structure that provides appropriate delegation of authority, division of responsibilities, and selection and training of properly qualified personnel. Management is also responsible for the development of internal controls over the financial reporting process.

The Board of Directors is assisted in exercising its responsibilities through the Audit Committee of the Board, which is composed entirely of independent directors. The Committee meets regularly with management and the independent auditors to satisfy itself that management's responsibilities are properly discharged and to review the financial statements. The Audit Committee reports its findings to the Board of Directors for consideration in approving the consolidated financial statements for presentation to the shareholders. The external auditors have direct access to the Audit Committee of the Board of Directors.

The consolidated financial statements have been audited independently by Ernst & Young LLP on behalf of the shareholders in accordance with generally accepted auditing standards. Their report outlines the nature of their audits and expresses their opinion on the consolidated financial statements.

(signed)
Wayne Arsenault
President & Chief Executive Officer

(signed)
Barbara Feit
Chief Financial Officer

INDEPENDENT AUDITORS' REPORT

To the Shareholders of Big Rock Brewery Inc.

We have audited the accompanying consolidated financial statements of Big Rock Brewery Inc., which comprise the consolidated statements of financial position as at December 30, 2017 and 2016, and the consolidated statements of comprehensive loss, changes in shareholders' equity and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, as issued by the International Accounting Standards Board ("IASB"), and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Big Rock Brewery Inc. as at December 30, 2017 and 2016, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Ernst + Young LLP

Calgary, Canada

March 8, 2018

Chartered Professional Accountants

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

		Year ended December 30	
	Note	**2017**	2016
Revenue			
Net revenue	4	$ 46,573	$ 43,126
Cost of sales	5	27,676	24,477
Gross profit		18,897	18,649
Expenses			
Selling expenses	6	14,290	12,647
General and administrative	7	5,174	5,720
Depreciation and amortization		470	548
Operating expenses		19,934	18,915
Operating loss		(1,037)	(266)
Finance expenses	8	333	349
Other income		2	123
Loss before income taxes		(1,368)	(492)
Income tax expense (recovery)	9		
Current		(175)	(272)
Deferred		(173)	233
		(348)	(39)
Net loss and comprehensive loss		**$ (1,020)**	$ (453)
Net loss per share			
Basic and diluted	10	**$ (0.15)**	$ (0.07)

See accompanying notes to the consolidated financial statements

BIG ROCK BREWERY INC.

Consolidated Statements of Financial Position

(In thousands of Canadian dollars)

	Note	As at December 30 **2017**	2016
ASSETS			
Current			
Cash		$ 168	$ 207
Accounts receivable	11	1,646	1,294
Inventories	12	4,986	5,144
Prepaid expenses and deposits		369	410
Current taxes receivable	9	156	—
Land held for sale	13	—	1,819
		7,325	8,874
Non-current			
Property, plant and equipment	13	44,228	45,999
Intangible assets	14	566	336
		44,794	46,335
Total assets		**$ 52,119**	$ 55,209
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current			
Bank indebtedness	16	$ 84	$ 2,843
Accounts payable and accrued liabilities	15	3,473	3,937
Current taxes payable	9	—	4
Long term debt - current	16	417	662
Finance lease - current	17	329	—
Share-based payments	20	599	336
		4,902	7,782
Non-current			
Long term debt	16	3,738	5,339
Finance lease	17	1,848	—
Lease incentive liability	18	228	186
Share-based payments	20	61	—
Deferred income taxes	9	4,459	4,632
		10,334	10,157
EQUITY			
Shareholders' capital	19	113,845	113,121
Contributed surplus		1,347	1,438
Accumulated deficit		(78,309)	(77,289)
		36,883	37,270
Total liabilities and shareholders' equity		**$ 52,119**	$ 55,209
Commitments	26		

See accompanying notes to the consolidated financial statements

	"signed"	*"signed"*
On behalf of the Board:	Michael Kohut	Jim Riddell
	Director	Director

BIG ROCK BREWERY INC.
Consolidated Statements of Cash Flows
(In thousands of Canadian dollars)

		Year ended December 30	
	Note	**2017**	2016
OPERATING ACTIVITIES			
Net loss for the year		$ (1,020)	$ (453)
Items not affecting cash:			
Depreciation and amortization		2,942	2,559
Gain on sale of assets		20	(65)
Share-based payments		459	385
Lease incentive		42	5
Amortized debt issue costs		6	—
Deferred income tax expense (recovery)		(173)	233
Net change in non-cash working capital related to operations	24	(862)	879
Cash provided by operating activities		1,414	3,543
FINANCING ACTIVITIES			
Increase (decrease) in bank indebtedness		(2,759)	1,596
Proceeds from long-term debt		1,000	2,467
Repayment of long-term debt		(352)	(355)
Repayment of finance lease		(323)	—
Proceeds from exercised options		583	—
Cash provided by (used in) financing activities		(1,851)	3,708
INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(1,690)	(7,691)
Purchase of intangibles		(391)	(36)
Proceeds from sale of property, plant and equipment		2,479	143
Cash provided by (used in) investing activities		398	(7,584)
Net decrease in cash		(39)	(333)
Cash, beginning of year		207	540
Cash, end of year		**$ 168**	$ 207

Supplemental cash-flow information			
Cash interest paid		$ 327	$ 357
Cash taxes paid		—	57

See accompanying notes to the condensed consolidated financial statements

BIG ROCK BREWERY INC.
Consolidated Statements of Changes in Shareholders' Equity
(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	—	183	—	183
Total comprehensive loss	—	—	(453)	(453)
Balance as at December 30, 2016	113,121	1,438	(77,289)	37,270
Share-based payments	—	50	—	50
Stock options exercised	724	(141)	—	583
Total comprehensive loss	—	—	(1,020)	(1,020)
Balance as at December 30, 2017	**$ 113,845**	**$ 1,347**	**$ (78,309)**	**$ 36,883**

See accompanying notes to the consolidated financial statements

(In thousands of Canadian dollars, unless otherwise stated)

1. CORPORATE INFORMATION

Big Rock Brewery Inc. ("Big Rock" or the "Corporation") is 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. The head office, principal address and records office of the Corporation are located at 5555 – 76th Avenue SE, Calgary, Alberta, T2C 4L8.

These 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 companies 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 or losses arising from inter-company transactions, are eliminated in preparing the Financial Statements.

2. BASIS OF PREPARATION

2.1 Statement of compliance

These Financial Statements have been prepared in accordance with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board and Interpretations of the International Financial Reporting Interpretations Committee.

These Financial Statements were approved and authorized for issue by the Board of Directors on March 8, 2018.

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.

2.3 Future accounting pronouncements

The IASB has issued the following pronouncements which are not yet effective:

- 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. This standard is applicable to the Corporation's fiscal year commencing December 31, 2017 and is anticipate to have minimal impact.

- 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. This standard is applicable to the Corporation's fiscal year commencing December 31, 2017 and is anticipate to have minimal impact.

- 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 and early adoption is permitted. 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 based on 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. These amendments introduce a single, forward – looking "expected loss" impairment model for financial assets which will require more timely recognition of expected credit losses, and a fair value through other comprehensive income category for financial assets that are debt instruments.

- 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 which 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's 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 certain 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. Big Rock has not early adopted these; however, the Corporation is currently assessing what impact the application of these standards or amendments will have on the consolidated financial statements of the Corporation.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Significant accounting judgments and estimates

The preparation of these Financial Statements requires management to make judgments in applying accounting policies. Judgments that have the most significant effect on the amounts recognized in the Financial Statements are described below. Management also makes assumptions and critical estimates. Critical estimates are those which are most subject to uncertainty and have the most significant risk of resulting in a material change to the carrying amounts of assets and liabilities within the next year. Judgments, assumptions and estimates are based on historical experience, business trends and all available information that management considers relevant at the time of the preparation of the Financial Statements. However, future events and their effects cannot be anticipated with certainty and so as confirming events occur, actual results could ultimately differ from assumptions and estimates. Such differences could be material.

The following discusses the most significant accounting judgments and estimates that Big Rock has made in the preparation of these Financial Statements. The sensitivity analyses below should be used with caution as the changes are hypothetical and the impact of changes in each key assumption may not be linear.

Significant judgments

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.

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.

Assumptions and critical estimates

Keg deposit liability
In determining the liability for return of keg deposits, Big Rock estimates that a portion of circulating kegs will never be returned for refund. Big Rock estimates that approximately 98% of kegs are returned for refund in each turn of inventory. Management recognizes a liability for one turn plus an additional amount, estimated as 2% of one turn, for very old kegs. As at December 30, 2017, a balance of $316 (2016 - $299) was included in Accounts payable and accrued liabilities in respect of the keg deposit liability.

Sensitivity analysis
An increase in the quantity of old kegs returned of 10% of one turn would result in an additional liability and charge to net income of $16.

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.

Sensitivity analysis
A 10% decrease in useful lives of Big Rock's property, plant and equipment would result in an additional depreciation charge to net income of $294.

3.2 Revenue recognition

Revenue is recognized 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. Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns, allowances, discounts, applicable federal and provincial production, environmental and excise taxes levied by provincial liquor boards and the federal government.

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

(In thousands of Canadian dollars, unless otherwise stated)

3.3 Government grants

Government grants are recognized when there is reasonable assurance that the grant will be received, and all related conditions are complied with. Government grants received in respect of expenditures are credited to income, netted against the expense to which they relate. Government grants in respect of capital expenditures are credited to the carrying amount of the related asset and are realized to income over the expended useful life of the related asset.

3.4 Accounts receivable

The majority of Big Rock's accounts receivable are from provincial government liquor authorities which issue weekly or monthly remittances on account. Given that terms are set and receivables over 60 days generally average between three and five percent of total amounts owing, the Corporation has a policy of reviewing, reconciling and, if necessary, writing off balances older than one year.

3.5 Inventories

Inventories are valued at the lower of cost and net realizable value. Cost is determined using a weighted average cost method and includes expenditures incurred in acquiring the inventories and bringing them to their existing location and condition to sell. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs to complete and sell the products. If the net realizable value is less than cost, inventories are written down. If the net realizable value subsequently increases, a reversal of the loss initially recognized is applied to cost of sales.

Big Rock's inventories include: raw materials (materials and supplies to be consumed in the production process), brews in progress (in the process of production for sale), finished product held for sale in the ordinary course of business, consignment product which is consigned to provincial warehouses for sale and resale goods, to be sold in the ordinary course of business in the dry-goods store.

3.6 Property, plant and equipment

Property, plant and equipment ("PP&E") are stated at cost less accumulated depreciation and accumulated impairment losses. The cost of an item of PP&E consists of the purchase price, any costs directly attributable to bring the asset to the location and condition necessary for its intended use and an initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

Depreciation is provided at rates calculated to write off the cost of PP&E, less their estimated residual value, using the straight-line method over the following expected useful lives:

Buildings	35-40 years
Machinery and equipment	5-40 years
Office furniture and equipment	5-15 years
Leasehold improvements	10-40 years

Depreciation of these assets commences when the assets are ready for their intended use. The Corporation conducts an annual assessment of the residual balances and useful lives being used for PP&E and any changes arising from the assessment are applied by the Corporation prospectively.

An item of PP&E is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal of the asset, determined as the difference between the net disposal proceeds and the carrying amount of the asset, is recognized in the Consolidated Statement of Comprehensive Loss.

3.7 Intangible assets

Intangible assets are stated at cost less accumulated amortization and accumulated impairment losses. The cost of an intangible asset consists of the purchase price plus any costs directly attributable to bringing the asset to the condition necessary for its intended use.

Amortization is provided at rates calculated to write off the cost of intangible assets, less the estimated residual values, using the straight-line method over the following expected useful lives:

Computer software	3 years
Intellectual property	10 years
Website	6 years

Amortization of these assets commences when the assets are ready for their intended use. The Corporation conducts an annual assessment of the residual balances, useful lives and amortization methods being used for intangible assets and any changes arising from the assessment are applied by the Corporation prospectively.

An intangible asset is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal of the asset, determined as the difference between the net disposal proceeds and the carrying amount of the asset, is recognized in the Statement of Comprehensive Loss.

3.8 Impairment of non-financial assets

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 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 asset belongs.

Recoverable amount is the higher of fair value less costs of disposal 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 Consolidated Statements of Comprehensive Loss.

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, net of depreciation and amortization, had no impairment loss been recognized for the cash generating unit in prior periods.

3.9 Share-based payments

Under the Company's share-based compensation plans, share-based awards may be granted to executives, employees and non-employee directors. Big Rock uses option pricing models that are determined to result in the best estimate of fair value for its cash-settled and equity-settled instruments, depending on the vesting conditions of the instruments. The Black-Scholes option pricing model is used to determine fair values for all instruments that vest over a period of time. For instruments that vest using market-based performance criteria, fair values are determined using a model which takes into account the probability of meeting certain price targets and the Black Scholes value of underlying instruments at such targets.

Cash-settled transactions

Share-based compensation awards that settle in cash are accounted for as cash-settled plans and are measured at fair value each reporting period. The expense is recognized over the vesting period, with a corresponding adjustment to liabilities over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award.

The costs of cash-settled transactions with employees are initially measured by reference to the fair value at the date on which they are granted. The cumulative expense reflects the Corporation's best estimate of the difference between the grant price of the instrument and the price of the Corporation's shares at the date the instrument is ultimately exercised. When awards are surrendered for cash, the cash settlement paid reduces the outstanding liability. At the end of each reporting period, the fair value of the instruments is remeasured to fair value, with a charge or credit to compensation expense within general and administrative expense on the Statements of Comprehensive Loss and a corresponding increase or decrease to the liability on the Consolidated Statements of Financial Position.

Equity-settled transactions

The Corporation has a share option plan which permits the Board to grant options to acquire common shares of the Corporation at the volume weighted average closing price for the five days preceding the date of grant. The Corporation is authorized to issue options for a maximum of 10% of the issued and outstanding common shares pursuant to the share option plan. Stock options that give the holder the right to purchase common shares are accounted for as equity-settled plans.

The expense is based on the fair value of the options at the time of grant and is recognized over the vesting periods of the respective options. The cumulative expense reflects the Corporation's best estimate of the number of equity instruments that will ultimately vest. A corresponding increase is recorded to Contributed Surplus. Consideration paid to the Corporation on exercise of options is credited to Share Capital and the associated amount in Contributed Surplus is reclassified to Share Capital.

3.10 Taxation

Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the date of the Consolidated Statements of Financial Position.

Deferred income tax

Deferred income tax is provided using the liability method on temporary differences at the date of the Statement of Financial Position between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilized.

The carrying amount of deferred income tax assets is reviewed at each date of the Statement of Financial Position and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized. Unrecognized deferred income tax assets are reassessed at each date of the Statement of Financial Position and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized, or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the date of the Consolidated Statements of Financial Position.

Deferred income tax relating to items recognized directly in equity is recognized in equity and not in the Consolidated Statements of Comprehensive Loss.

Deferred income tax assets and deferred income tax liabilities are offset if, and only if, a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend to either settle current tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax assets or liabilities are expected to be settled or recovered.

3.11 Keg deposits

Big Rock requires that customers pay deposits for kegs purchased which are reflected as a liability on the Corporation's Consolidated Statement of Financial Position. The deposits are subsequently refunded to customers via invoice credits or cash payments when kegs are returned. In the normal course of business, there are a percentage of kegs which are never returned for refund. As a result, Big Rock 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 keg deposit liability at each reporting date. Any adjustments required to the keg liability account are recorded through revenue.

3.12 Loss per share

Basic loss per share is calculated by dividing the net income loss by the weighted average number of common shares outstanding during the period. Diluted income loss per share is determined by adjusting the profit or loss attributable to common shareholders and the weighted average number of common shares outstanding for the effects of dilutive potential common shares which comprise the exercise of share options. The calculation assumes that the proceeds on exercise of the options are used to repurchase shares at the average market price during the period. Should the Corporation have a loss in a period, the options would be anti-dilutive and are excluded from the determination of fully diluted loss per share.

3.13 Financial instruments

3.13 (a) Financial assets

All financial assets are initially recorded at fair value and designated upon inception into one of the following four categories: held-to-maturity, available-for-sale, loans-and-receivables or at fair value through profit or loss ("FVTPL"). Financial assets classified as FVTPL are measured at fair value with unrealized gains and losses recognized through income.

Financial assets classified as loans-and-receivables and held-to-maturity are measured at amortized cost. Financial assets classified as available-for-sale are measured at fair value with unrealized gains and losses recognized in other comprehensive income except for losses in value that are considered other than temporary. At December 30, 2017, the Corporation has not classified any financial assets as FVTPL, available-for-sale or held-to-maturity.

Transaction costs associated with FVTPL financial assets are expensed as incurred, while transaction costs associated with all other financial assets are included in the initial carrying amount of the asset.

3.13 (b) Financial liabilities

All financial liabilities are initially recorded at fair value and designated upon inception as FVTPL or other-financial-liabilities ("OFL"). Financial liabilities classified as other-financial-liabilities are initially recognized at fair value less directly attributable transaction costs. After initial recognition, OFL are subsequently measured at amortized cost using the effective interest method.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

Financial liabilities classified as FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as FVTPL. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Fair value changes on financial liabilities classified as FVTPL are recognized through the Consolidated Statements of Comprehensive Loss.

3.13 (c) Derecognition of financial instruments

Financial assets are derecognized when the contractual rights to the cash flow from the financial asset expire or when the contractual rights to those assets are transferred. A financial liability is de-recognized when the obligation is discharged, cancelled or expires. Gains and losses on de-recognition are recognized in income when incurred. Where an existing financial liability is replaced by another from the same lender, on substantially different terms, or the terms of an existing liability are substantially modified, the original liability is de-recognized, and the new liability is recognized with a difference in the carrying amounts recognized in the Consolidated Statements of Comprehensive Loss.

Financial assets and liabilities are offset, and the net amount presented on the Statement of Financial Position when, and only when, the Corporation has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously. Big Rock does not employ hedge accounting for its risk management contracts.

3.14 Impairment of financial instruments

Financial assets are assessed for impairment at each reporting date to determine whether there is any objective evidence that they are impaired, which would indicate one or more events have had a negative effect on the estimated future cash flows of the asset and will not be realized. For loans and receivables, the amount of impairment is the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted at the original effective interest rate. If there is impairment, the carrying amount of the financial asset is reduced by the impairment loss, except for trade receivables where the carrying amount is reduced through the use of an allowance account. The loss is recognized in the Consolidated Statements of Comprehensive Loss. When a trade receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the Consolidated Statements of Comprehensive Loss.

3.15 Provisions

Provisions are recognized when the Corporation has a present obligation (legal or constructive) that has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risk specific to the obligation. The increase in the provision due to passage of time is recognized as a finance cost.

3.16 Leases

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Corporation is classified as a finance lease. Finance leases are capitalized at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized in finance costs in the Consolidated Statements of Comprehensive Loss.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Corporation will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating lease payments are recognized as an operating expense in the Consolidated Statements of Comprehensive Loss on a straight-line basis over the lease term. Lease incentives are initially recorded as a liability on the Consolidated Statements of Financial Position and amortized on a straight line-basis to expenses over the lease term in accordance with *SIC 15 Operating Leases – Incentives*.

(In thousands of Canadian dollars, unless otherwise stated)

4. NET REVENUE

	Year ended December 30	
	2017	2016
Gross product revenues	$ 65,523	$ 58,324
Federal excise taxes	(5,822)	(5,336)
Provincial liquor tax programs	(13,128)	(9,862)
Net revenue	**$ 46,573**	$ 43,126

Gross product revenues include wholesale beer and cider revenues as well as retail store and restaurant sales. Net revenue includes gross revenues less excise taxes and provincial liquor tax charges. 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 tax programs include charges paid to provincial liquor control boards to cover distributions and other service charges and is net of provincial grants. During 2017, Big Rock received grant proceeds of $12,000 (2016 - $5,517) through the Alberta Small Brewers Development Grant Program of which $11,912 (2016 - $4,907) has been included in Provincial liquor tax programs charges. As at December 30, 2017, $697 (2016 - $609) is reflected as deferred revenue and included in Accounts payable and accrued liabilities.

5. COST OF SALES

Cost of sales is broken down into its cash and non-cash components as follows:

	Year ended December 30	
	2017	2016
Operating expenses	$ 18,790	$ 17,239
Salaries and benefits	6,414	5,227
Depreciation and amortization	2,472	2,011
Cost of sales	**$ 27,676**	$ 24,477

6. SELLING EXPENSES

Selling expenses include the following:

	Year ended December 30	
	2017	2016
Delivery and distribution costs	$ 3,940	$ 3,458
Salaries and benefits	3,857	3,146
Marketing and sales	6,493	6,043
Selling expenses	**$ 14,290**	$ 12,647

7. GENERAL AND ADMINISTRATIVE EXPENSES

General and administrative expenses include the following:

	Year ended December 30	
	2017	2016
Salaries and benefits	$ 2,734	$ 2,645
Professional fees	978	873
Other administrative expenses	1,462	2,202
General and administrative expenses	**$ 5,174**	$ 5,720

(In thousands of Canadian dollars, unless otherwise stated)

8. FINANCE EXPENSES

Finance expenses include the following:

	Year ended December 30	
	2017	2016
Interest on operating facility	$ 55	$ 33
Interest on long term debt	278	316
Finance expenses	**$ 333**	$ 349

9. INCOME TAXES

Income tax expense is comprised of the following:

	Year ended December 30	
	2017	2016
Current tax recovery	$ (175)	$ (272)
Deferred tax expense (recovery)	(173)	233
Income tax recovery	**$ (348)**	$ (39)

The following table reconciles the theoretical income tax expense using a weighted average Canadian federal and provincial rate of 26.85% (2016 – 26.91%) to the reported tax expense. The reconciling items represent, aside from the impact of tax rate differentials and changes, non-taxable benefits or non-deductible expenses arising from permanent differences between the local tax base and the reported financial statements, in accordance with IFRS.

	Year ended December 30	
	2017	2016
Loss before income taxes	$ (1,368)	$ (492)
Income tax expense (recovery) at statutory rate of 26.85% (2016 – 26.91%)	(367)	(132)
Effect on taxes of:		
Share-based compensation expenses	13	49
Non-deductible expenses	51	36
True-up of opening timing differences	(19)	8
Non-taxable portion of capital gain	(29)	—
Other	3	—
Income tax recovery	**$ (348)**	$ (39)

The movement in deferred income tax during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction is as follows:

	Property, plant and equipment	Share & Debt issue costs	Deferral of partnership income	Other	Total
As at December 30, 2016	$ 4,892	$ (120)	$ —	$ (140)	$ 4,632
Charged to the Consolidated Statements of Comprehensive Loss	367	60	92	(692)	(173)
As at December 30, 2017	$ 5,259	$ (60)	$ 92	$ (832)	**$ 4,459**

(In thousands of Canadian dollars, unless otherwise stated)

10. LOSS PER SHARE

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

	Year ended December 30	
	2017	2016
Net loss	$ (1,020)	$ (453)
Basic:		
Shares outstanding, beginning of the year	6,875,928	6,875,928
Weighted average # of shares issued during the year	97,881	—
Basic # shares outstanding during the year	6,973,809	6,875,928
Effect of stock options outstanding	—	—
Diluted # shares outstanding during the year	6,973,809	6,875,928
Net loss per share:		
Basic	$ (0.15)	$ (0.07)
Diluted	$ (0.15)	$ (0.07)

11. 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, grocery and retail customers and GST balances. The solvency of customers and their ability to pay their receivables was considered in assessing the impairment of accounts receivable. No collateral is held for impaired receivables or for receivables that are past due but not impaired.

The accounts receivable balances are comprised of:

	As at December 30	
	2017	2016
Provincial liquor boards	$ 1,278	$ 1,116
Other receivables	392	178
Bad debt provision	(24)	-
Total accounts receivable	**$ 1,646**	$ 1,294

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

	As at December 30	
	2017	2016
Less than 30 days	$ 1,034	$ 1,018
30 – 60 days	196	205
60-90 days	178	56
Over 90 days	238	15
Total accounts receivable	$ 1,646	$ 1,294

(In thousands of Canadian dollars, unless otherwise stated)

12. INVENTORIES

Inventories are categorized as follows:

	As at December 30 2017	As at December 30 2016
Raw materials and containers	$ 1,671	$ 1,583
Brews in progress	1,104	1,162
Finished product	1,799	1,792
Consignment product	293	444
Retail store	119	163
Total inventories	**$ 4,986**	$ 5,144

During the year ended December 30, 2017, charges of $973 (2016 - $589) were recorded to the Statements of Comprehensive Loss relating to obsolete inventories. There were no reversals of amounts previously charged to income in respect of inventory write-downs during the years ended December 30, 2017 and 2016.

13. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Machinery and equipment	Office furniture and equipment	Leasehold improvements	Total
Cost						
As at December 30, 2015	$ 8,377	$ 17,692	$ 28,448	$ 1,286	$ 214	$ 56,017
Additions	59	3,421	3,212	999	—	7,691
Disposals	—	—	(539)	(3)	—	(542)
Assets held for sale	(1,819)	—	—	—	—	(1,819)
As at December 30, 2016	$ 6,617	$ 21,113	$ 31,121	$ 2,282	$ 214	$ 61,347
Additions	443	63	900	248	36	1,690
Disposals	(585)	(40)	(133)	—	—	(758)
As at December 30, 2017	$ 6,475	$ 21,136	$ 31,888	$ 2,530	$ 250	$ 62,279
Accumulated Depreciation						
As at December 30, 2015	$ —	$ 1,817	$ 10,984	$ 516	$ 92	$ 13,409
Charge	—	438	1,661	289	15	2,403
Disposals	—	—	(463)	(1)	—	(464)
As at December 30, 2016	—	$ 2,255	$ 12,182	$ 804	$ 107	$ 15,348
Charge	—	542	1,816	406	17	2,781
Disposals	—	—	(78)	—	—	(78)
Land held for sale	—	—	—	—	—	—
As at December 30, 2017	$ —	$ 2,797	$ 13,920	$ 1,210	$ 124	$ 18,051
Net book value						
As at December 30, 2016	$ 6,617	$ 18,858	$ 18,939	$ 1,478	$ 107	$ 45,999
As at December 30, 2017	$ 6,475	$ 18,339	$ 17,968	$ 1,320	$ 126	**$ 44,228**

At December 30, 2017, the balance of assets under construction and not subject to depreciation was $600 (2016 - $380). At December 30, 2017, property, plant and equipment included finance leases with a net book value of $2,338 (2016 - nil) see Note 18. There were no indicators of impairment in the carrying value of the Corporation's property, plant and equipment noted as at December 30, 2017 and 2016, and no provision recorded.

(In thousands of Canadian dollars, unless otherwise stated)

14. INTANGIBLE ASSETS

Intangible assets are broken down as follows:

	Computer software	Intellectual property	Website costs	Total
Cost				
As at December 30, 2015	$ 585	$ 170	$ 22	$ 777
Additions	36	—	—	36
As at December 30, 2016	$ 621	$ 170	$ 22	$ 813
Additions	138	49	204	391
As at December 30, 2017	$ 759	$ 219	$ 226	$ 1,204
Accumulated amortization				
As at December 30, 2015	$ 189	$ 111	$ 21	$ 321
Charge for the year	135	20	1	156
As at December 30, 2016	$ 324	$ 131	$ 22	$ 477
Charge for the year	142	19	—	161
As at December 30, 2017	$ 466	$ 150	$ 22	$ 638
Net book value				
As at December 30, 2016	$ 297	$ 39	$ —	$ 336
As at December 30, 2017	$ 293	$ 69	$ 204	**$ 566**

As at December 30, 2017 and 2016, there were no indicators of impairment noted in the carrying value of the Corporations intangible assets and no provision recorded. As at December 30, 2017, $397 (2016 - $38) is not subject to amortization.

15. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities of the Corporation are principally comprised of amounts outstanding for trade purchases relating to production, 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 December 30	
	2017	2016
Less than 30 days	$ 3,210	$ 3,900
30 – 60 days	123	37
60 – 90 days	25	—
Over 90 days	115	—
Total accounts payable and accrued liabilities	**$ 3,473**	$ 3,937

16. 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 expenditure requirements. 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 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.

(In thousands of Canadian dollars, unless otherwise stated)

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, 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 December 30, 2017.

As at December 30, 2017, bank indebtedness was $84 (2016 - $2,843), of which $nil (2016 - $2,435) was outstanding on the operating loan facility.

	As at December 30	
	2017	2016
Term debt	$ 4,181	$ 6,033
Debt issue costs	(26)	(32)
	4,155	6,001
Current portion	(417)	(662)
Long term debt	$ 3,738	$ 5,339

17. FINANCE LEASE

As at	December 30, 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	$ 110	$ 329	$ –	$ –	$ –
Between one and five years	2,067	219	1,848	–	–	–
	2,506	329	2,177	–	–	–
Reported as:						
Current portion			$ 329			$ –
Long term portion			1,848			–
Present value of finance lease			$ 2,177			$ –

During 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 December 30, 2017, the net carrying amount of the leased assets is $2,338 (2016 – nil). The depreciation of the assets recorded under finance lease is included in the cost of sales on the Consolidated Statements of Comprehensive Loss. The obligation under finance lease is secured by the lessor's rights over the leased assets.

(In thousands of Canadian dollars, unless otherwise stated)

18. LEASE INCENTIVE LIABILITY

At December 30, 2017, Big Rock had a lease incentive liability of $228 (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.

19. SHARE CAPITAL

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

	As at December 30			
	2017		2016	
	# of shares	$ Amount	# of shares	$ Amount
Outstanding, beginning of year	6,875,928	113,121	6,875,928	113,121
Issued	105,700	724	-	-
Outstanding, end of year	6,981,628	113,845	6,875,928	113,121

20. SHARE-BASED PAYMENTS

Share based compensation expense, included in general and administrative expenses and recognized in the Statements of Comprehensive Loss for the years ended December 30, 2017 and 2016 include:

	As at December 30	
	2017	2016
Equity-settled plans	$ 50	$ 183
Cash-settled plans	409	210
Total share-based compensation expense	$ **459**	$ 393

Liability recognized for share-based compensation recognized on the Statements of Consolidated Financial Position:

	As at December 30	
	2017	2016
Share-based payments - current	$ 599	$ 336
Share-based payments – long term	61	-
Total liability	$ 660	$ 336

20.1 Share Option Plan

20.1(a) Time Vesting Options

Share options granted in 2017 vest over five years, with one fifth vesting immediately, followed by one fifth vesting on each subsequent anniversary date. Options granted prior to 2017 vested immediately. All options are exercisable for five years after grant date.

(In thousands of Canadian dollars, unless otherwise stated)

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

As at	December 30, 2017			December 30, 2016		
	# of options	Weighted average exercise price ($)	Remaining life (years)	# of options	Weighted average exercise price ($)	Remaining life (years)
Balance, beginning of year	585,000	$ 11.56		517,000	$ 13.10	
Granted	75,000	7.75		117,000	5.64	
Exercised	(105,700)	5.51		—	—	
Expired	(479,300)	12.89		(49,000)	13.74	
Balance, end of year	75,000	$ 7.75	4.67	585,000	$ 11.56	2.46
Exercisable, end of year	15,000	$ 7.75	4.67	585,000	$ 11.56	2.46

The weighted average fair value of options granted was estimated using the Black-Scholes option pricing model using the following assumptions:

	2017	2016
Weighted average exercise price ($/share)	7.75	5.64
Weighted average fair value ($)	1.93	1.57
Risk-free interest rate (%)	1.56	0.64
Expected life (years)	3.6	4.0
Dividend yield (%)	0	0
Forfeiture rate (%)	0	0
Volatility (%)	35.6	34.9

20.1 (b) Performance Options

During the year ended December 30, 2017, 69,000 stock options were granted at an exercise price of $6.50 per option and expire in five years. The options vest in tranches of one-third upon the closing price of the Corporation's shares equalling or exceeding $8.50, $10.50 and $11.50 respectively. None of the options are exercisable at December 30, 2017. The following weighted average fair value of the options was estimated using a model which takes into account the probability of meeting certain price targets and the Black Scholes option pricing model using the following assumptions:

	2017	2016
Weighted average fair value ($)	1.10	—
Risk-free interest rate (%)	1.65	—
Expected life (years)	4.0	—
Dividend yield (%)	0	—
Forfeiture rate (%)	0	—
Volatility (%)	41.34	—

20.2 Share Appreciation Rights Plan

Under the Share Appreciation Rights ("SARs") Plan, the Board of Directors may issue an unlimited number SARs. The SARs are exercisable for five years after grant date. The exercise of SARs is settled in cash. SARs granted in 2017 vest over a three-year period, with one third vesting immediately, one-third vesting on the first anniversary date and one-third vesting on the second anniversary date. SARs granted prior to 2017 vested immediately.

(In thousands of Canadian dollars, unless otherwise stated)

20.2 (a) Time Vesting SARs

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

	2017			2016		
	# of SARs	Weighted average exercise price ($)	Remaining life (years)	# of SARs	Weighted average exercise price ($)	Remaining life (years)
Balance, beginning of year	426,900	10.99		391,900	12.24	
Granted	256,000	6.78		79,000	5.12	
Exercised	(36,000)	5.47		(12,000)	5.47	
Forfeited	(4,000)	7.75		(32,000)	13.85	
Expired	(67,000)	13.04		-	-	
Balance, end of year	575,900	9.25	2.96	426,900	10.99	2.56
Exercisable, end of year	407,887	10.27	2.38	426,900	10.99	2.56

The weighted average fair value of the SARs granted was estimated using the Black-Scholes option pricing model using the following assumptions:

	2017	2016
Weighted average exercise price ($/share)	6.78	5.12
Weighted average fair value ($)	2.10	2.51
Risk-free interest rate (%)	1.81	1.73
Expected life (years)	4.37	3.19
Dividend yield (%)	0	0
Forfeiture rate (%)	0	0
Volatility (%)	35.6	35.6

20.2 (b) Performance SARs

During the year ended December 30, 2017, 81,000 SARs were granted at an exercise price of $6.50 per option and expire in five years. The SARs vest in tranches of one-third upon the closing price of the Corporation's shares equalling or exceeding $8.50, $10.50 and $11.50 respectively. None of the SARs are exercisable at December 30, 2017. The following weighted average fair value of the SARs was estimated using a model which takes into account the probability of meeting certain price targets and the Black Scholes option pricing model using the following assumptions:

	2017	2016
Weighted average fair value ($)	1.10	—
Risk-free interest rate (%)	1.65	—
Expected life (years)	4.0	—
Dividend yield (%)	0	—
Forfeiture rate (%)	0	—
Volatility (%)	41.34	—

(In thousands of Canadian dollars, unless otherwise stated)

21. CAPITAL RISK MANAGEMENT

The Corporation defines its capital to include: common shares plus short-term, long-term debt and finance leases, less cash balances. There are no externally imposed capital requirements on Big Rock. The Corporation's objectives are to safeguard the Corporation's ability to continue as a going concern, to support the Corporation's normal operating requirements and to maintain a flexible capital structure which optimizes the cost 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.

	As at December 30	
	2017	2016
Cash	$ (168)	$ (207)
Total debt	6,416	8,844
Shareholders' equity:		
Shareholders' capital	113,845	113,121
Contributed surplus	1,347	1,438
Accumulated deficit	(78,309)	(77,289)
Total shareholders' equity	36,883	37,270
Total capitalization (total debt plus shareholders' equity, net of cash balances)	$ 43,131	$ 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. To maintain or adjust the capital structure, 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 numerous factors, including capital deployment, results from operations, and general industry conditions.

In addition, the Corporation monitors its capital using ratios of (i) earnings before interest, taxes, depreciation and amortization ("EBITDA") to net debt (debt less cash) and (ii) EBITDA to interest, debt repayments and dividends. EBITDA to net debt is calculated by dividing net debt by EBITDA. EBITDA to interest, debt repayments and dividends is calculated by dividing the combined interest, debt repayments and dividend amounts by EBITDA. These capital management policies, which remain unchanged from prior periods, provide Big Rock with access to capital at a reasonable cost.

22. FINANCIAL INSTRUMENTS

22.1 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 ("OFL").

Financial instruments recorded in the Consolidated Statements of Financial Position 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 its financial instruments fair value measurements.

(In thousands of Canadian dollars, unless otherwise stated)

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.

22.2 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, income tax receivable (payable), bank indebtedness, accounts payable and accrued liabilities, long term debt, finance lease, and share-based payments liabilities. Big Rock's financial instruments and their designations are:

		As at December 30			
Classification of Financial Instrument	**Designated as**	**2017**		2016	
		Carrying Amount ($)	**Fair Value Amount ($)**	**Carrying Amount ($)**	**Fair Value Amount ($)**
Financial assets					
Cash	-	168	168	207	207
Accounts receivable	Loans and receivables	1,646	1,646	1,294	1,294
Income taxes receivable	Loans and receivables	156	156	—	—
Financial liabilities					
Bank indebtedness	OFL	84	84	2,843	2,843
Accounts payable and accrued liabilities	OFL	3,473	3,473	3,937	3,937
Income taxes payable	OFL	-	-	4	4
Long term debt	OFL	4,155	4,181	6,001	6,033
Finance lease	OFL	2,177	2,177	-	-
Share-based payments liabilities	OFL	660	660	336	336

22.3 Financial risk management objectives and policies

The Corporation's financial instruments include cash, accounts receivable, income tax receivable (payable), accounts payable and accrued liabilities and amounts due on line of credit facilities and finance lease obligations. 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) *Foreign exchange 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 (loss) for the year ended December 30, 2017 of $44 (2016 – $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 believes the risk is immaterial.

(In thousands of Canadian dollars, unless otherwise stated)

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 year ended December 30, 2017 was 4.63% (2016 – 5.82%).

Interest rate sensitivity analysis
In the event interest rates changed by 75 basis points, the Corporation's net loss for the year ended December 30, 2017 would be affected by $56 (2016 – $19). 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 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.

The credit quality of the Corporation's significant customers is monitored regularly and allowances are provided for potential losses that have been incurred at the period end date. Receivables that are neither past due, nor impaired are considered collectible. Where concentrations of credit risk exists, management monitors the receivable balances closely to ensure appropriate controls are in place to ensure recovery.

(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. The table presents a maturity analysis of the Corporations financial liabilities based on the expected cash flow from the reporting date to the contractual maturity date:

	Carrying Amount	Due within one year	Due in one to five years	Due greater than five years
Accounts payable and accrued liabilities	$ 3,473	$ 3,473	$ –	$ –
Bank indebtedness	84	84	–	–
Finance lease	2,177	329	1,848	–
Long term debt	4,181	417	2,406	1,358
Total contractual repayments	$ 9,889	$ 4,303	$ 4,156	$ 1,185

(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.

(In thousands of Canadian dollars, unless otherwise stated)

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. Effective August 5, 2016, the Alberta Government replaced the graduated mark-up rate structure 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.

23. KEY MANAGEMENT PERSONNEL COMPENSATION

Key management includes the Directors, the Chief Executive Officer and President, the Chief Financial Officer, the Vice President Finance, the Vice President Operations and the Vice President Marketing. The remuneration is included in cost of sales and general and administrative expenses and is comprised as follows:

	Year ended December 30	
	2017	2016
Salaries and other short-term benefits	$ 1,235	$ 1,040
Bonuses	-	20
Share-based compensation	366	295
Total compensation	$ 1,601	$ 1,355

24. CHANGE IN NON-CASH WORKING CAPITAL

	Year ended December 30	
	2017	2016
Accounts receivable	$ (352)	$ 927
Inventory	158	(209)
Current income taxes	(160)	(51)
Prepaid expenses	41	145
Accounts payable and accrued liabilities	(464)	67
Share-based payment liabilities	(85)	-
Total change in non-cash working capital	**$ (862)**	$ 879

25. 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. These segments 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.

(In thousands of Canadian dollars, unless otherwise stated)

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

Year Ended December 30	Wholesale		Retail		Eliminations		Consolidated	
	2017	2016	2017	2016	2017	2016	**2017**	2016
Net Revenue	$ 44,666	$ 41,642	$ 2,660	$ 2,126	$ (753)	$ (642)	$ 46,573	$ 43,126
Cost of sales	24,906	22,818	3,523	2,301	(753)	(642)	27,676	24,477
Gross profit	19,760	18,824	(863)	(175)	—	—	18,897	18,649
Selling expenses	14,167	12,603	123	44	—	—	14,290	12,647
Segment profit	**$ 5,593**	**$ 6,221**	**$ (986)**	**$ (219)**	**$ —**	**$ —**	**4,607**	**6,002**
General and administrative cost							5,174	5,720
Depreciation and amortization							470	548
Operating Loss							**(1,037)**	**(266)**
Finance expense							333	349
Other income							2	123
Loss before income taxes							**$ (1,368)**	$ (492)

26. COMMITMENTS AND CONTRACTUAL OBLIGATIONS

Big Rock has entered into various commitments for expenditures over the next five years:

	2018	2019	2020	2021	2022	thereafter
Utilities contracts	$ 36	$ 30	$ 30	$ 30	$ —	$ —
Raw material purchase commitments	3,268	196	14	14	—	—
Marketing sponsorships	335	214	105	—	—	—
Operating leases	707	696	736	765	770	1,466
Long-term debt	417	437	458	480	503	1,886
Finance lease	329	347	367	387	747	—
Total	**$ 5,092**	**$ 1,920**	**$ 1,710**	**$ 1,676**	**$ 2,020**	**$ 3,352**

Big Rock has entered into operating lease agreements for storage facilities, warehouses, breweries, and retail locations. The remaining terms of these leases range between 4 and 10 years. Certain leases contain extension and renewal options. Operating lease payments of $697 (2016 - $825) were recognized as expense in the Statement of Comprehensive Loss.

27. COMPARATIVE AMOUNTS

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