



For Immediate Release

Big Rock Brewery Inc. Announces 2018 First Quarter Financial Results

CALGARY, May 3, 2018 - Big Rock Brewery Inc. (TSX: BR) ("Big Rock" or "the Corporation") today announced its financial results for the three months ended March 31, 2018.

"Big Rock reduced its operating loss to \$505 thousand compared to \$1,157 thousand in the first quarter of 2017," said CEO Wayne Arsenault. "Our British Columbia sales grew in the first quarter of 2018, due in part to an increase in sales of cider. Sales volumes declined in Alberta mainly due to discontinued lower-margin brands and the impact of increased competition in the craft beer market, which were partly offset by increased volumes of our Alberta Genuine Draft. The impact of lower sales volumes on financial results was largely mitigated by price increases implemented in late 2017 and early 2018. The provincial mark-up and grant structure introduced by the Alberta government late in 2016, which had negatively impacted results in 2017, was largely alleviated during the first quarter due to steps we have taken to optimize our Alberta sales volumes under the current grant structure, including discontinuing two lower margin products and reducing the number of limited-time offer price discounts. We expect this improvement to continue until the semi-annual re-measurement of the Alberta grant rate at the end of July 2018. Discussions are ongoing with the Alberta government to find a longer-term solution to the impediments to growth under the current mark-up and grant program."

As a result of a search for initiatives to improve Big Rock's asset utilization, on April 19, 2018 Big Rock Brewery Inc. and Fireweed Brewing Corp. ("Fireweed") announced a joint venture agreement. The Vancouver brewery, located on West 4th Avenue and Alberta Street, will see the addition of a new canning line and brewing vessels to expand brewing capacity up to 26,000 hectolitres ("hl") to allow for the production of products for both companies. Fireweed products for the Alberta market will be handled under a contract manufacturing agreement.

"This joint venture agreement allows Fireweed to operate and manage the Vancouver brewery at full capacity effective June 1, 2018. We expect this will improve our profitability in the second half of 2018," said Arsenault.

Financial Highlights

For the three months ended March 31, 2018, compared to the first quarter of 2017, Big Rock:

- improved its operating loss by \$652 thousand to \$505 thousand, compared to an operating loss of \$1,157 thousand;
- reduced its net loss by \$520 thousand to \$387 thousand, from \$907 thousand;
- reported earnings before interest, tax and depreciation ("EBITDA") of \$267 thousand, compared to negative EBITDA of \$413;
- reported sales volumes of 41,144 hl, compared to 43,477 hl;
- reported net revenue of \$9,466 thousand, compared to \$9,589 thousand;
- improved net revenue per hl to \$230.07, compared to \$220.55;
- reduced cost of sales per hl to \$135.43, compared to \$137.59; and

- used cash in operating activities of \$1,213 thousand, compared to cash used in operating activities of \$1,228 thousand.

Operating Highlights

Big Rock's operating results for the quarter ended March 31, 2018 improved by \$652 thousand, to report an operating loss of \$505 compared to \$1,157 in the first quarter of 2017. Despite a 5% decrease in total sales volumes during the three months ended March 31, 2018, Big Rock realized an increase in its net revenue per hl of \$9.52 (4.3%) to \$230.07 compared to \$220.55 per hl in the first quarter of 2017. In addition, gross profit margin improved in the first quarter of 2018 to 41%, compared to 38% in the first quarter of 2017. These improvements reflect the impact of price adjustments that were introduced in Alberta in late 2017 and in other sales regions during the first quarter of 2018, as well as improved Alberta net mark-up rates on beer and cider.

Big Rock's net revenues are highly sensitive to pricing adjustments, regulatory changes to markup rates and excise tax rates. During 2017, Alberta, Big Rock's largest market, was negatively impacted by changes to the Alberta government's mark-up and grant structure, implemented in late 2016, which introduced a grant available under the Alberta Small Brewers Development Grant policy. Under this policy, an annual sales level of 150,000 hectolitres ("hl") in Alberta results in the maximum grant available. Big Rock's annual Alberta sales volumes exceed this threshold, which resulted in higher net mark-up costs per hl during 2017. The Corporation took steps to improve the grant rate in 2017, including optimizing its Alberta sales volumes and profit margins by discontinuing two lower margin products, reducing its number of limited-time offer price discounts, and implementing price increases on value-priced and private label products in Alberta in the fourth 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 Brewers Development Grant policy then in effect. The Corporation continues to work with the Alberta Government with the objective of improving the environment for growth beyond 150,000 hl in the province.

Big Rock's volumes were 41,144 hl in the first quarter of 2018, compared to 43,477 hl in the first three months of 2017, reflecting the discontinuation of two low-margin products in 2017, partially offset by increased sales of cider, value-priced brands and Big Rock's Barn Burner variety pack. Big Rock's BC region sales increased in the first quarter of 2018, due in part to sales of cider and increased beer sales resulting from the sales team focusing on select core brands. Sales volumes declined in Big Rock's other major regions (Alberta and Ontario) during the first three months of 2018 compared to the first quarter of 2017, mainly reflecting the discontinued brands from 2017 and the impact of increased competition in the craft beer market, which were, in part, offset by increased volumes of Big Rock's most approachable lager, Alberta Genuine Draft ("AGD").

Big Rock packaged product sales decreased in the first quarter of 2018, particularly in Alberta, largely due to the previously noted discontinued products. As well, Big Rock's packaged product sales are directly impacted by weakness in the general economy and, in particular, retail store channels. Big Rock keg sales increased during the first quarter of 2018 over the prior year quarter due mainly to increases in the Ontario and BC markets, where AGD kegs have taken a lead in brand sales.

The Corporation continues to search for initiatives that will improve its asset utilization in its BC brewery. As a result, on April 19, 2018 Big Rock announced that it has entered into a contractual joint venture arrangement with another independently owned craft brewery, which will operate and manage the Vancouver brewery location effective June 1, 2018. This is expected to contribute to the Corporation's profitability in the second half of 2018, as the facility's production capacity will be maximized.

Summary of Results

<i>\$000, except hl & per share amounts</i>	Three months ended March 31	
	2018	2017
Sales volumes (hectolitres or "hl")	41,144	43,477
Net revenue	\$ 9,466	\$ 9,589
Operating loss	(505)	(1,157)
Net loss	(387)	(907)
Loss per share (basic & diluted)	\$ (0.06)	\$ (0.13)
\$ per hl		
Net revenue	\$ 230.07	\$ 220.55
Cost of sales	\$ 135.43	\$ 137.20

Additional Information

The unaudited consolidated financial statements and Management's Discussion and Analysis for the three months ended March 31, 2018, dated May 3, 2018 can be viewed on Big Rock's website at www.bigrockbeer.com and on SEDAR at sedar.com under Big Rock Brewery Inc. Big Rock's Annual General Meeting will be held on May 10, 2018 at 2:00 p.m. (MST) at the Big Rock Brewery, 5555 76 Avenue S.E., Calgary, Alberta.

Forward-Looking Information

Certain statements contained in this news release constitute forward-looking statements. These statements relate to future events or Big Rock's future performance. All statements, other than statements of historical fact, may be forward-looking statements. Forward-looking information are not facts, but only predictions and generally can be identified by the use of statements that include words or phrases such as, "anticipate", "believe", "continue", "could", "estimate", "expect", "intend", "likely", "may", "project", "predict", "propose", "potential", "might", "plan", "seek", "should", "targeting", "will", and similar expressions. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. Big Rock believes that the expectations reflected in those forward-looking statements are reasonable, but no assurance can be given that these expectations will prove to be correct and such forward-looking statements included in this News Release should not be unduly relied upon by investors as actual results may vary materially from such forward-looking statements. These statements speak only as of the date of this News Release and are expressly qualified, in their entirety, by this cautionary statement.

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

- 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;
- the expected continued investment in targeted marketing opportunities;

- the expected contribution to the Corporation's profitability in the second half of 2018 from the Corporation's British Columbia joint venture; and
- the expectation the Corporation will have adequate sources of funding to finance the Corporation's operations.

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

- 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;
- the expected contribution to the Corporation's profitability in the second half of 2018 of the maximization of the Vancouver facility's production capacity; 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; and
- the Corporation's British Columbia joint venture will maximize productivity of its British Columbia brewery.

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

- the inability to continue to reduce the net mark-up rate in Alberta; and
- the inability to continue to grow demand for Big Rock's products.

Readers are cautioned that the foregoing list of assumptions and risk factors is not exhaustive. The forward-looking information and statements contained herein are expressly qualified in their entirety by this cautionary statement. The forward-looking information and statements included in this News Release are made as of the date hereof and Big Rock does not undertake any obligation to publicly update such forward-looking information and statements to reflect new information, subsequent events or otherwise unless so required by applicable securities laws.

About Big Rock Brewery Inc.

In 1985, Ed McNally founded Big Rock to buck the time's beer trends. Three bold, European-inspired offerings - Bitter, Porter and Traditional Ale - forged an industry at a time heavy on easy drinking lagers and light on flavour. Today, our ten signature beers, ongoing seasonal offerings, four ciders (Rock Creek Cider® series) and custom-crafted private label products keep us at the forefront of the craft beer revolution, still proudly bucking the time's beer trends. Big Rock brews in Calgary, Alberta, Vancouver, British Columbia, and Toronto, Ontario. For more information on Big Rock Brewery visit www.bigrockbeer.com

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