MANAGEMENT'S DISCUSSION AND ANALYSIS

The following is Management's Discussion and Analysis ("**MD&A**") of the financial condition and results of operations of Big Rock Brewery Inc. (the "**Corporation**" or "**Big Rock**") for the three and nine months ended September 30, 2022.

This MD&A should be read in conjunction with the unaudited condensed consolidated financial statements of the Corporation and accompanying notes as at and for the three and nine months ended September 30, 2022 (the "**consolidated financial statements**") and the December 30, 2021 audited consolidated financial statements and MD&A. The condensed consolidated 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, 2021, 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 November 14, 2022.

COMPANY OVERVIEW

Big Rock is headquartered in Calgary, Alberta. The Corporation produces premium, all-natural craft beers, ciders, and other alcoholic and non-alcoholic beverages. As one of Canada's largest independently owned craft brewers, Big Rock has an extensive family of permanent ales and lagers, the Rock Creek series of craft ciders, a continually changing selection of seasonal and limited-edition beers, alcoholic drinks, and other licensed alcoholic beverages.

Founded in 1985, Big Rock was the first craft brewery in Alberta and stands as a pioneer in the Canadian craft beer industry. Big Rock produces, markets and distributes its premium, high-quality craft beers, ciders, and other alcoholic beverages, primarily in Canada. The Corporation owns and operates production facilities in Alberta, British Columbia ("**BC**"), and Ontario. Today, Big Rock's primary brewing, packaging and warehousing facility is located in Calgary, Alberta and has been in operation since 1996. Big Rock has distribution facilities in Calgary and Edmonton, and sales staff resident in Alberta, BC, Saskatchewan, Manitoba, and Ontario.

Given the Corporation's footprint in Western Canada, the Corporation also has several private label agreements, production agreements, and licensing agreements.

THIRD QUARTER 2022 HIGHLIGHTS

Due to the nature of agreements, all volume data below excludes co-packing volumes and financial summaries reflect the entire operations. Overall, the Company has experienced significant increases in its co-packing business while its branded business is under pressure, down approximately 4.9%. This is reflective of the Canadian domestic beer market being down 4.8% for the nine months ended September 30, 2022.

For the three months ended September 30, 2022, compared to the three months ended September 30, 2021, the Corporation reported:

- sales volumes of 47,154 hectolitres ("**hl**") (excluding co-packing volumes);

The remaining trends are reflective of total operations, including co-packing

- net revenue of $11.9 million;
- operating loss of $1.1 million;
- net loss of $1.1 million;
- Adjusted EBITDA (See "*Non-GAAP Measures*") of $0.1 million;

For the nine months ended September 30, 2022, compared to the nine months ended September 30, 2021, the Corporation reported:

- Branded sales volumes decreased 4.9% from 129,201 hl to 122,842 hl because of soft retail packaged sales
- Remaining trends are reflective of total operations, including co-packing
- net revenue decreased by 1.9%, from $37.3 million to $36.6 million;
- Adjusted EBITDA (See "*Non-GAAP Measures*") of $0.1 million;
- net loss of $2.9 million versus a net income of $0.6 million; and
- operating loss of $3.1 million, compared to operating income of $0.9 million.

$000, except hl and per share amounts	Three months ended September 30		Nine months ended September 30	
	2022	2021	**2022**	2021
Sales volumes (hl) (1)	47,154	47,367	122,842	129,201
Gross revenue	$ 17,411	$ 17,969	$ 50,447	$ 50,898
Net revenue	11,940	12,982	36,550	37,271
Cost of sales	8,445	8,444	26,484	23,843
Adjusted EBITDA (2)	102	1,335	96	4,102
Operating income (loss)	(1,146)	354	(3,104)	921
Net income (loss)	(1,054)	237	(2,913)	568
Income (loss) per share (basic and diluted)	$ (0.15)	$ 0.03	$ (0.42)	$ 0.08

(1) Excludes co-packing volumes due to the nature of the agreements.
(2) Non-GAAP Measure. See "*Non-GAAP Measures*".

OUTLOOK & STRATEGY

Big Rock's long-term growth strategy is defined by the following three phases: 'Gear up' to enable further capability to grow, 'Fill up' to increase volume and realize operational efficiencies, and 'Drink up' to invest and "premiumize" the portfolio. This strategy supports the Corporation's vision to become Canada's largest independent brewer.

Big Rock's branded sales continue to face pressure as a result of unfavorable industry trends, specifically in the value beer segment. For the nine months ended September 30, 2022, Canadian domestic beer sales are down 4.8% compared to prior period. In response to this, Big Rock is focusing on continued product innovation and development in the premium category to better align with trends in consumer demand. The Corporation is pleased on the relatively flat volume for the quarter in comparison to last year, demonstrating the portfolio's resilience to downward industry trend.

The Corporation's co-packing segment continues to grow as a total percentage of revenue and as total volume throughput continues to increase, the Corporation expects to continue to realize overhead, and labor cost efficiencies as co-packing volume increases, and operating efficiency improves with the completed capital equipment upgrades in the Calgary facility. Big Rock's co-packing agreements are currently on track to achieve approximately 40% year-over-year growth in 2022.

The Corporation saw declines in co-pack volumes for the quarter in comparison to prior year, specifically impacted by the labour distribution strike that occurred in British Columbia across several weeks in August. While some of the affected volume shifted to September as a result, the Corporation missed out on approximately $0.4 million of co-pack revenues as a direct result of the distribution interruption.

The Corporation continues to experience inflationary pressures impacting raw material and packaging material pricing related to its owned volumes, as well as longer lead times combined with increased delivery and distribution charges linked to ongoing supply chain issues caused by the lasting impact of COVID 19. In response to the Corporation's pressures, Big Rock has strategically engaged in group purchasing strategies to mitigate cost increases and has also put in place certain fixed price contracts on raw materials and utilities to stabilize prices going forward and into 2023 that has resulted in stabilizing cost of sales.

As at September 30, 2022, the Corporation was in breach of its debt covenant that resulted in the credit facility balance of $11.4 million being classified as a current liability. The Corporation did not rectify the breach within the cure period and is in default under the terms of the amended credit facility. This results in the lender having the right to demand repayment and/or realize on the security at any time under the Commitment Letter, under any of the Security Documents and under Applicable Law.

On August 12, 2022 Big Rock and ATB signed an Acknowledgement and Reservation of Rights letter where ATB imposed additional conditions on the Corporation.

The Corporation has been in negotiations with its primary lender to re-structure the terms of the Corporations credit facilities.

In addition to the matters above, the Corporation does not have sufficient cash flows to cover forecasted expenses for 2023 and under the existing terms of the lending agreements management is forecasting further breaches in covenants within the next 12 months. To address this situation the Corporation has implemented the following initiatives; 1) Mr. Stephen Giblin, Chairman of the Board of Directors, has assumed the position of Interim CEO of the Corporation, 2) The Board of Directors has established a sub-committee of the board and engaged a consultant to conduct a search for a new CEO, 3) The Board Company has established a special committee to complete a review of the available options for the Corporation to secure capital. 4) The Corporation has engaged a consultant to assist the Special Committee in a review of options to secure capital.

SELECTED QUARTERLY FINANCIAL INFORMATION

Big Rock experiences seasonal fluctuations in sales volumes, net 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 industry trends.

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

($000, except hl and per share amounts)	**Q3/22**	Q2/22	Q1/22	Q4/21	Q3/21	Q2/21	Q1/21	Q4/20
Sales volumes (hl) [1]	**47,154**	42,409	33,279	34,430	47,367	46,233	35,600	39,446
Net revenue	**11,940**	15,823	8,787	8,711	12,982	13,690	10,599	10,308
Cost of sales	**8,445**	11,966	6,073	7,317	8,444	8,312	7,087	6,993
Operating income (loss)	**(1,146)**	(469)	(1,488)	(2,932)	354	1,068	(501)	(1,779)
Adjusted EBITDA [2]	**102**	645	(620)	(1,954)	1,325	1,978	789	634
Net income (loss)	**(1,054)**	(588)	(1,271)	(3,825)	237	786	(455)	(1,372)
Per share amounts (basic & diluted)	**$ (0.15)**	$ (0.09)	$ (0.18)	$ (0.55)	$ 0.03	$ 0.11	$ (0.07)	$ (0.20)

(1) Excludes co-packing volumes due to the nature of the agreements.
(2) Non-GAAP Measure. See "*Non-GAAP Measures*".

RESULTS OF OPERATIONS

Adjusted EBITDA

The calculation of Adjusted 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, except where indicated)	Three months ended September 30			Nine months ended September 30		
	2022	2021	Change	2022	2021	Change
Net income (loss)	$ (1,054)	$ 237	$ (1,291)	$ (2,913)	$ 568	$ (3,481)
Addback:						
Interest	283	104	179	622	321	301
Taxes	(329)	115	(444)	(812)	296	(1,108)
Depreciation and amortization	987	829	158	2,616	2,504	112
Share based payments	229	151	78	628	657	(29)
Gain on disposal of assets	(14)	(12)	(2)	(45)	(155)	110
Gain on extinguishment of license obligation	—	(89)	89	—	(89)	89
Adjusted EBITDA [1]	$ 102	$ 1,335	$ (1,233)	$ 96	$ 4,102	$ (4,006)

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

Adjusted EBITDA in the three months ended September 30, 2022 decreased by $1.2 million in comparison to the prior year's quarter. The decrease is driven primarily due to higher cost of sales in the third quarter of 2022 compared to 2021.

Net Revenue

Net revenue includes wholesale beer, cider, and alcoholic beverage sales (net of excise taxes and provincial government liquor taxes), co-packing revenues, 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 in the first and second quarters of 2022, followed by BC and Saskatchewan.

($000, except sales volumes)	Three months ended September 30			Nine months ended September 30		
	2022	2021	Change	2022	2021	Change
Sales volumes (hl)	47,154	47,367	(213)	122,842	129,201	(6,359)
Gross revenue	$ 20,334	$ 17,969	$ 2,365	$ 50,447	$ 50,898	$ (451)
Federal excise taxes	(1,642)	(1,080)	(562)	(4,320)	(4,233)	(87)
Provincial liquor tax programs	(6,752)	(3,907)	(2,845)	(9,577)	(9,394)	(183)
Net revenue	$ 11,940	$ 12,982	$ (1,042)	$ 36,550	$ 37,271	$ (721)
Net revenue by segment						
Wholesale	$ 11,605	$ 12,368	$ (763)	$ 35,473	$ 35,426	$ 47
Retail	335	614	(279)	1,077	1,845	(768)
Net revenue	$ 11,940	$ 12,982	$ (1,042)	$ 36,550	$ 37,271	$ (721)
$ per hl						
Wholesale net revenue	$ 246.11	$ 261.11	$ 15.00	$ 288.77	$ 274.19	$ 14.58

(1) Excludes co-packing volumes due to the nature of the agreements.

Total sales volumes for the third quarter of 2022 decreased by 0.4% when compared to the third quarter of 2021. The decrease was primarily driven by a general overall industry trend in Canada where Beer sales saw a 6.4% decrease in Canada. In addition, Big Rock saw pressure in keg sale and on-premise sales compared to 2021 that was partially offset in positive variances in the premium brand volumes. Total sales volumes for the nine months ended September 30, 2022 decreased by 4.9% compared to the nine months ended September 30, 2021. This sales decline reflects the general industry trends of declining domestic beer sales.

Net Loss

Big Rock's reported net loss increased quarter-over-quarter by $0.8 million, primarily because of lower sales.

Wholesale Revenue

Net revenues for the quarter ended September 30, 2022 declined compared to the third quarter in the previous fiscal year by $0.8 million for the nine months ended September 30, 2022. Gross revenues reflect a general continued declining market for beer consumption in Canada. Domestic beer sales in Canada declined 6.4% over the first nine months of 2022. Additionally, Big Rock adjusted pricing in the quarter that offset volume declines resulting in gross revenue remaining relatively flat over the three month periods and also partially mitigated the nine month decrease in volumes.

Within Big Rock's branded business, The Corporation's high margin beer portfolio continued to show growth in Q3 2022 driven primarily by on-premise reopening and growth in can format. Big Rock's value beer segment contributed the largest revenue declines. The Corporation passed through price increases in early Q1 2022 to partially offset inflationary pressures impacting consumer behaviour.

Retail Revenue

Retail revenue decreased by $0.3 million in the third quarter of 2022, compared to 2021. The retail segment represents about 5% of the Corporation's sales.

Cost of Sales

($000, except where indicated)	Three months ended September 30			Nine months ended September 30		
	2022	2021	Change	2022	2021	Change
Operating expenses	$ 5,755	$ 6,030	$ (275)	$ 18,957	$ 16,591	$ 2,366
Salaries and benefits	1,875	1,748	127	5,431	5,249	182
Depreciation and amortization	815	666	149	2,096	2,003	93
Cost of sales	$ 8,445	$ 8,444	$ 1	$ 26,484	$ 23,843	$ 2,641
Percentage of revenue	70.7%	65.0%		72.5%	64.0%	

Cost of sales for the quarter ended September 30, 2022 was consistent period over period.

Cost of sales as a percentage of net revenue was higher in the third quarter of 2022. This was largely due to continued inflationary pressures in various categories primarily in utilities, building related costs and in key raw materials that was related primarily to general industry pressures. Big Rock also experienced increases in temporary labour (that is also an industry trend where staff loyalty and turnover is an issue).

Selling Expenses

($000, except where indicated)	Three months ended September 30			Nine months ended September 30		
	2022	2021	Change	2022	2021	Change
Delivery and distribution costs	$ 1,573	$ 1,043	$ 530	$ 3,512	$ 2,801	$ 711
Salaries and benefits	959	757	202	2,433	2,639	(206)
Marketing and sales expenses	757	950	(193)	2,329	2,375	(46)
Selling expenses	$ 3,289	$ 2,750	$ 539	$ 8,274	$ 7,815	$ 459
Percentage of revenue	27.5%	21.2%		22.6%	21.0%	

Selling expenses increased by $0.5 million in the third quarter of 2022 compared to 2021, primarily due to increased delivery costs.

General and Administrative Expenses

($000, except where indicated)	Three months ended September 30			Nine months ended September 30		
	2022	2021	Change	2022	2021	Change
Salaries and benefits	$ 472	$ 410	$ 62	$ 1,915	$ 1,673	$ 242
Share based payments	376	151	225	628	657	(29)
Professional fees	309	186	123	608	586	22
Other administrative expenses	23	524	(501)	1,225	1,275	(50)
General and administrative expenses	$ 1,180	$ 1,271	$ (91)	$ 4,376	$ 4,191	$ 185
Percentage of revenue	9.9%	9.8%		12.0%	11.2%	

General and administrative expenses decreased by $0.1 million primarily due to a conscious effort to reduce other administrative expenses.

Finance Expense

Finance expenses of $0.3 million in the third quarter of 2022 were $0.1 million higher than the finance cost for the corresponding period in 2021. The increase is due to higher debt drawn and higher interest rates. (See discussion in the section "Debt" in this MD&A).

SEGMENTED INFORMATION

The Corporation has two reportable business segments, wholesale and retail, which are monitored by executive management for purposes of making decisions about resource allocation and performance management. The wholesale segment manufactures and distributes beer, cider, and other alcoholic beverages to provincial liquor boards, grocery chains, and on-premises customers which are 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

Nine months ended September 30	Wholesale		Retail		Eliminations		Consolidated	
	2022	2021	2022	2021	2022	2021	**2022**	2021
Net revenue	35,469	36,746	1,358	1,845	(277)	(1,320)	**36,550**	37,271
Cost of sales	25,550	22,990	1,211	2,173	(277)	(1,320)	**26,484**	23,843
Gross profit	9,919	13,756	147	(328)	—	—	**10,066**	13,428
Selling expenses	8,212	7,788	62	27	—	—	**8,274**	7,815
Segment profit (loss)	**1,707**	**5,968**	**85**	**(355)**	—	—	**1,792**	5,613
General and administrative cost							**4,376**	4,191
Depreciation and amortization							**520**	501
Operating income (loss)							**(3,104)**	921
Finance expense							**622**	321
Other							**(1)**	(264)
Income (loss) before income taxes							**(3,725)**	864

Three months ended September 30	Wholesale		Retail		Eliminations		Consolidated	
	2022	2021	2022	2021	2022	2021	**2022**	2021
Net revenue	11,406	12,702	616	614	(82)	(334)	**11,940**	12,982
Cost of sales	8,185	8,126	342	652	(82)	(334)	**8,445**	8,444
Gross profit	3,221	4,576	274	(38)	—	—	**3,495**	4,538
Selling expenses	3,287	2,742	2	8	—	—	**3,289**	2,750
Segment profit (loss)	**(66)**	**1,834**	**272**	**(46)**	—	—	**206**	1,788
General and administrative cost							**1,180**	1,271
Depreciation and amortization							**173**	163
Operating income (loss)							**(1,147)**	354
Finance expense							**283**	104
Other income							**(47)**	(102)
Income (loss) before income taxes							**(1,383)**	352

LIQUIDITY AND CAPITAL RESOURCES

Capitalization

($000)	September 30, 2022	December 30, 2021
Cash	1,162	(228)
Debt [2]	11,398	10,214
Lease liabilities [2]	3,808	4,366
Net debt [1]	16,368	14,352
Shareholders' equity:		
Shareholders' capital	113,217	113,620
Contributed surplus	2,889	2,480
Accumulated deficit	(87,310)	(84,397)
Total shareholders' equity	28,796	31,703
Total capitalization [1]	**45,614**	**46,055**
Net debt to total capitalization ratio [1]	36%	31%

(1) Non-GAAP measure. See "*Non-GAAP Measures*".
(2) Includes current and non-current portions.

Capital Strategy

The Corporation's capital consists of debt and equity. To maintain or adjust the Corporation's capital structure, Big Rock may issue new public securities, issue or renegotiate its debt, acquire or dispose of assets, or adjust the amount of cash and cash equivalents. The budget is updated as necessary depending on numerous factors, including capital deployment, results from operations, general industry conditions, and government policy changes.

See Going Concern section.

Net Working Capital

Net working capital is a non-GAAP measure and is defined as current assets less accounts payable, accrued liabilities, and current portion of debt (see *"Non-GAAP Measures")*. The Corporation had a net working capital deficit of $9.0 million as of September 30, 2022. This represents a decrease of $10.1 million from December 30, 2021. The decrease is driven by classifying long-term debt to current as per IAS 1.

Debt

During the third quarter of 2022, the Corporation has repaid net $1.4 million against its operating facility to. Details on amounts outstanding under these facilities are as follows:

($000)	September 30, 2022	December 30, 2021
Operating facility – principal	4,014	1,480
Term debt - principal and accrued interest	7,445	8,814
Debt issue costs	(61)	(80)
	11,398	**10,214**
Current	**11,398**	**2,685**
Non-current	—	**7,529**

Term debt payments of principal and interest are monthly. Details on amounts drawn under the term debt are as follows:

($000)	Expiry date	September 30, 2022	December 30, 2021
Tranche 1	April 30, 2025	506	776
Tranche 2	February 28, 2026	706	980
Tranche 3	September 9, 2027	504	639
Tranche 4	February 28, 2031	2,492	2,809
Tranche 5	December 31, 2031	3,237	3,610
Total term debt outstanding		**7,445**	**8,814**

At September 30, 2022, the Corporation had $2.0 million available on its operating facility. Currently the Corporation continues to have access to this facility pending discussions on its next review date with its Lender.

The Credit Facilities impose a number of positive and negative covenants on the Corporation, 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 0.5 to 1 for the quarter ended September 30, 2022 and 1.15 to 1 for the remaining two quarters of the year, calculated as Adjusted EBITDA (defined as the rolling 12-month earnings before interest, taxes and depreciation, less unfunded capital) compared to fixed charges defined as the rolling 12-months interest, dividends and income taxes paid, and principal repayments. In addition, the Corporation's borrowings cannot exceed a borrowing base which is determined by the fair value of the Corporation's assets.

As at September 30, 2022, the Corporation was in breach of these covenants resulting in the credit facility balance of $11.4 million being classified as a current liability. The Corporation did not rectify the breach within the cure period and is in default under the terms of the amended credit facility. This results in the lender having the right to demand repayment and/or realize on the security at any time under the Commitment Letter, under any of the Security Documents and under Applicable Law.

For the nine months ended September 30, 2022, the Corporation incurred a net loss of $3.3 million, positive cash flow from operations of $1.9 million, and a working capital deficiency of $10.1 million, resulting in the Corporation failing to meet the Fixed Charge Coverage Ratio covenant. The Corporation has an operating facility of $6.0 million of which $4.0 million was drawn as at September 30, 2022. At the current time this facility remains available to the Corporation.

On August 12, 2022 Big Rock and ATB signed an Acknowledgement and Reservation of Rights letter where ATB imposed additional conditions on the Corporation that was followed up with a further review prior to the end of August 2022. This letter imposed additional conditions including the weekly reporting of cash flow projections and presentation of a plan on or before August 29, 2022 (the "Plan") that was subsequently presented to ATB. The Plan reviewed the overall business strategy and included a multi-year financial forecast and plans for addressing near-term liquidity challenges and overall capitalization of the business.

Lease Liabilities

Big Rock currently has lease liabilities for contracts related to real estate and vehicle leases.

($000)	September 30, 2022	December 30, 2021
Lease liabilities, beginning of year	4,366	6,113
Additions	44	450
Disposals	-	(1,319)
Interest expense	126	214
Lease payments	(728)	(1,092)
Lease liabilities, end of year	**3,808**	**4,366**
Current	**668**	**738**
Non-current	**3,140**	**3,628**

Capital Expenditures

During the three months ended September 30, 2022, no amounts were spent on capital expenditures.

Equity

As of the date of this MD&A, the Corporation had 6,981,628 common shares outstanding.

In addition, as of the date of this MD&A, 107,986 common shares are potentially issuable to satisfy the outstanding restricted share units. None of the Corporation's outstanding share options are "in the money".

COMMITMENTS AND CONTRACTUAL OBLIGATIONS

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

($000)	2022	2023	2024	2025	2026	Thereafter
Utilities contracts	13	52	52	52	43	-
Raw material purchase commitments	304	1,347	246	-	-	-
Marketing sponsorships	5	221	145	-	-	-
Total	**322**	**1,620**	**443**	**52**	**43**	**-**

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*" herein.

RISK FACTORS

The Corporation is exposed to business risks that are inherent to the alcoholic beverage industry, as well as those governed by the individual nature of the Corporation's operations, the details of which are set out in the corporation's most recent Annual Information Form (**"AIF"**) available on SEDAR at www.sedar.com.

GOING CONCERN

The interim financial statements for the three and nine months ended September 30, 2022 have been prepared in accordance with generally accepted accounting principles applicable to a going concern, which assumes that the Corporation will be able to realize its assets and discharge its liabilities in the normal course of business. For the nine months ended September 30, 2022, the Corporation incurred a net loss of $3.3 million and positive cash flow from operations of $1.9 million. The Corporation has a credit facility of $6.0 million of which $4.0 million was drawn as at September 30, 2022. The Corporation currently continues to have access to this facility pending any changes from its next review date with its lender. The credit facility imposes a number of positive and negative covenants on the Corporation more fully described in Note 9. As at September 30, 2022, the Corporation was in breach of these covenants resulting in the credit facility balance of $11.4 million being classified as a current liability. The Corporation did not rectify the breach within the cure period and is in default under the terms of the amended credit facility. This results in the lender having the right to demand repayment and/or realize on the security at any time under the Commitment Letter, under any of the Security Documents and under Applicable Law.

In addition to the matters above, the Corporation does not have sufficient cash flows to cover forecasted expenses for 2023 and under the existing terms of the lending agreements management is forecasting further breaches in covenants within the next 12 months.

On August 12, 2022 Big Rock and ATB signed an Acknowledgement and Reservation of Rights letter where ATB imposed additional conditions on the Corporation that was followed up with a further review prior to the end of August 2022. This letter imposed additional conditions including the weekly reporting of cash flow projections and presentation of a plan on or before August 29, 2022 (the "Plan") that was subsequently presented to ATB. The Plan reviewed the overall business strategy and included a multi-year financial forecast and plans for addressing near-term liquidity challenges and overall capitalization of the business. (Please refer to Note 16 – Subsequent Events in the Corporations Condensed Interim Consolidated Financial Statements).

The continuing operations of the Corporation are dependent upon its ability to reach an agreement with the lender to rectify the event of default and restructure the terms of the credit facility. The Corporation will also need to raise adequate capital and to maintain profitable operations in the future and repay its liabilities arising from normal business operations as they become due. There is no assurance that the Company will be able to rectify the event or default and/or obtain adequate financing in the future or that such financing will be obtained on terms advantageous the Corporation.

Due to these factors, there is a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern. These financial statements do not include adjustments to the recoverability and classification of recorded asset and liabilities and related expenses that might be necessary should the Company be unable to continue as a going concern and therefore be required to realize its assets and liquidate its liabilities and commitments in other than the normal course of business at amounts different from those in the accompanying consolidated financial statements. Such adjustments could be material.

CRITICAL ACCOUNTING ESTIMATES & JUDGEMENTS

There have been no changes in Big Rock's critical accounting estimates in the three and nine months ended September 30, 2022. Further information on the Corporation's accounting policies, critical estimates, and judgements can be found in the notes to the audited consolidated financial statements for the year ended December 30, 2021.

CERTIFICATION OF DISCLOSURES IN QUARTERLY FILINGS

In accordance with National Instrument (NI) 52-109 of the CSA, the Corporation quarterly issues a Certification of Interim Filings ("Certification"). The Certification requires certifying officers to state that they are responsible for establishing and maintaining disclosure controls and procedures ("DC&P") and internal control over financial reporting ("ICFR").

The Certification requires certifying officers to state that they designed DC&P, or caused it to be designed under their supervision, to provide reasonable assurance that: (i) material information relating to the Corporation is made known to the certifying officers by others; (ii) information required to be disclosed by the Corporation in reports filed with, or submitted to, securities regulatory authorities is recorded, processed, summarized and reported within the time periods specified under Canadian securities legislation. In addition, the Certification requires certifying officers to state that they have designed ICFR, or caused it to be designed under their supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes.

There were no changes in the Corporation's internal control over financial reporting during the period beginning on December 31, 2021 and ended September 30, 2022 that have materially affected, or are reasonably likely to materially affect, internal control over financial reporting. The Corporation has procedures in place relating to DC&P and ICFR and will continue to monitor such procedures as the Corporation's business evolves.

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. These financial measures do not have any standardized meaning under the Corporation's Generally Accepted Accounting Principles and therefore may not be comparable to similar measures presented by other issuers. The following terms "net working capital", "net debt", "total capitalization" and "Adjusted EBITDA" are not recognized measures under GAAP and may not be comparable to that reported by other companies. In addition to net loss and cash flow from operating activities, Management uses these non-GAAP measures to evaluate the Corporation's operating performance and leverage.

Net working capital: is defined as current assets less accounts payable, accrued liabilities, and current portion of debt.

Net debt: is defined as the Corporation's current and non-current portions of debt, license obligation, lease liabilities less cash.

Total capitalization: is calculated by adding shareholders' equity and net debt. 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*"

Adjusted EBITDA: The Corporation uses Adjusted EBITDA for measuring operating performance and borrowing capacity**.** Adjusted EBTDA is calculated by adding back to net income, interest, income taxes, depreciation and amortization, impairment of property, plant and equipment, impairment on co-packing customer receivable, share based payment adjustments, gains and losses on disposal of assets and gain on extinguishment. A reconciliation of Adjusted EBITDA to net loss, the nearest GAAP measure, is contained under "*Results of Operations – Adjusted EBITDA*".

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

Certain statements contained in this MD&A 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 MD&A should not be unduly relied upon by readers, as actual results may vary materially from such forward-looking statements. 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:

- Big Rock's ability to renegotiate a refinancing of the existing credit facility terms given the event of default;
- Big Rock's expectations regarding the Plan;
- The anticipated benefits to be derived from Big Rock's long-term growth strategy;
- Big Rock's focus on continued product innovation and development in the premium category;
- Big Rock's ability to raise additional capital
- Big Rock's business plans, outlook, and strategy;
- Big Rock's vision to become Canada's largest independent brewer;
- that Big Rock's group purchasing strategies will improve its purchasing power and mitigate cost increases;
- that Big Rock's fixed price contracts on raw materials and utilities will mitigate price volatility going forward;
- Big Rock's expectations that it will continue to realize overhead and labour cost efficiencies as volume throughput grows with anticipated growth in co-packing volume;
- that Big Rock's co-packing agreements are on track to achieve approximately 60% year-over-year growth in 2022;
- Big Rock's expectations that its operating efficiency will improve as a result of the new capital equipment upgrades at its Calgary facility;
- Big Rock's ability to maintain or adjust its capital structure through issuing new public securities. Issuing or renegotiating its debt, acquiring or disposing of assets or adjusting the amount of cash or cash equivalents;
- Big Rock's future term debt payments of principal and interest and the anticipated timing thereof; and
- Big Rock's anticipated commitments and contractual obligations and the anticipated timing thereof.

With respect to the forward-looking statements listed above and FOFI (as defined below) contained in this MD&A, management has made assumptions regarding, among other things:

- Big Rock's ability to continue as a going concern;
- that Big Rock's long-term growth strategy will support it in becoming Canada's largest independent brewer;
- that Big Rock's group purchasing strategies will improve its purchasing power;
- that Big Rock's new capital equipment upgrades at its Calgary facility will improve its operating efficiency;
- volumes in the current fiscal year will remain constant or will increase;
- there will be no material change to the regulatory environment in which Big Rock operates;
- there will be no material supply issues with Big Rock's vendors;
- seasonal fluctuations in demand; and
- that the duration and extent of the COVID-19 pandemic will not be long-term.

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 and FOFI contained herein include the risk factors set out in the Corporation's annual information form and include, but are not limited to:

- the risk that Big Rock may not be able to renegotiate a refinancing of its existing credit facility terms with ATB given the event of default;
- that Big Rock's group purchasing strategies may not improve its purchasing power and mitigate cost increases;
- that Big Rock's fixed price contracts on raw materials and utilities may not mitigate price volatility;
- that Big Rock's new capital equipment upgrades at its Calgary facility may not improve its operating efficiency;
- that the year-over-year growth in Big Rock's co-packing arrangements may be less than anticipated;
- the inability to grow demand for Big Rock's products; and

- the duration and extent of the COVID-19 pandemic.

Any financial outlook or future oriented financial information (in each case "**FOFI**") contained in this MD&A regarding prospective financial position, including, but not limited to, that Big Rock's group purchasing strategies will improve its purchasing power and mitigate cost increases; that Big Rock's fixed price contracts on raw materials and utilities will mitigate price volatility going forward; that Big Rock's co-packing agreements are on track to achieve approximately 60% year-over-year growth in 2022; Big Rock's ability to maintain or adjust its capital structure through issuing new public securities, issuing or renegotiating its debt, acquiring or disposing of assets or adjusting the amount of cash or cash equivalents; Big Rock's future term debt payments of principal and interest and the anticipated timing thereof; and Big Rock's anticipated commitments and contractual obligations, is based on reasonable assumptions about future events, including those described above, based on an assessment by management of the relevant information that is currently available. The actual results will likely vary from the amounts set forth herein and such variations may be material. Readers are cautioned that any such FOFI contained herein should not be used for purposes other than those for which it is disclosed herein. Such information was made as of the date of this MD&A and the Company disclaims any intention or obligation to update or revise any such information, whether as a result of new information, future events, or otherwise, unless required pursuant to applicable law.

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