Management's Discussion and Analysis

The following management's discussion and analysis ("MD&A") provides a review of the activities, results of operations and financial condition of Brick Brewing Co. Limited (the "Company") for the twelve months ended January 31, 2009 ("fiscal 2009") in comparison with the twelve months ended January 31, 2008 ("fiscal 2008"). These comments should be read in conjunction with the consolidated financial statements and accompanying notes included herein. The comments were prepared as of April 30, 2009. Additional information relating to the Company, including its annual information form, is available at www.sedar.com or in the investor relations section of the Company's website at www.brickbeer.com.

FORWARD-LOOKING STATEMENTS

Except for the historical information contained herein, the discussion in this MD&A contains certain forward-looking statements that involve risks and uncertainties, such as statements of the Company's plans, objectives, strategies, expectations and intentions and include, for example, the statements concerning expected volumes, operating efficiencies and costs. Forward-looking statements generally can be identified by the use of forward-looking terminology such as "may", "will", "expect", "intend", "anticipate", "seek", "plan", "believe" or "continue" or the negatives of these terms or variations of them or similar terminology. Although the Company believes that the expectations and assumptions reflected in these forward-looking statements are reasonable, undue reliance should not be placed on these forward-looking statements. These forward-looking statements are not guarantees and reflect the Company's views as of April 30, 2009 with respect to future events. Future events are subject to certain risks, uncertainties and assumptions, which may cause actual performance and financial results to differ materially from such forward-looking statements. The forward-looking statements, including the statements regarding expected volumes, operating efficiencies and costs are based on, among other things, the following material factors and assumptions: volumes in the fiscal year ending January 31, 2010 ("fiscal 2010") will increase, no material changes in consumer preferences, brewing and packaging efficiencies will improve, input costs for brewing materials will decrease, the cost of packaging materials will increase, competitive activity from other brewers will continue, no material change to the regulatory environment in which the Company operates and no material supply, cost or quality control issues with vendors. Readers are urged to consider the foregoing factors and assumptions when reading the forward-looking statements and, for more information regarding the risks, uncertainties and assumptions that could cause the Company's actual financial results to differ from the forward-looking statements, to also refer to the rest of the discussion in this MD&A, the Company's annual information form and various other public filings. The forward-looking statements included in this MD&A are made only as of April 30, 2009 and, except as required by applicable securities laws, the Company does not undertake to publicly update such forward-looking statements to reflect new information, future events or otherwise.

DESCRIPTION OF THE BUSINESS

The Company produces, sells, markets and distributes packaged and draft premium beer under the Waterloo brand name, mainstream beer under the Red Cap, Formosa and Red Baron brand names and value beer under the Laker brand name. During Fiscal 2009, the Company imported the Laker brands in cans from High Falls Brewing Co. ("High Falls") of Rochester, New York. The Company also produces, sells, markets and distributes various beer products under the licensed PC® trademark on behalf of Loblaws Inc. which are available in Ontario and Quebec. The Company represents and sells products in Ontario for Canada Dry Mott's, Inc.

The Company's products are sold primarily in Ontario, although certain products are available in Quebec. The Company also engages in certain co-packing business, which involves producing and packaging beer and ready-to-drink alcoholic beverages for other customers.

In Ontario, distribution of packaged beer occurs primarily through The Beer Store ("TBS") and the Liquor Control Board of Ontario ("LCBO"). The Company also distributes draft beer products directly to licensed establishments (bars and restaurants) in Ontario.

The Company's brewing facilities are located in Waterloo and Formosa, Ontario. The Company's primary packaging and warehousing facility is located in Kitchener, Ontario. The Company also has a warehousing facility in St. Bruno, Quebec and a packaging facility in Formosa which is presently dedicated to co-packing. The Company's head and registered office is in Waterloo, Ontario.

SELECTED ANNUAL INFORMATION

The following table summarizes certain financial information of the Company for the years indicated below:

Years Ended January 31

(in thousands of dollars, except per share amounts)

	Three Year Summary		
	2009	2008	2007
Income Statement Data			
Gross Sales	**$ 65,096**	$ 68,597	$ 74,064
Net Sales (after production taxes and distribution fees)	**$ 29,887**	$ 30,309	$ 34,839
Earnings/(Loss) before interest, income taxes, depreciation and amortization, non-recurring items and equity earnings	**$ 155**	$ (352)	$ 2,508
Net earnings/(loss)	**$ (7,472)**	$ (2,591)	$ 127
Earnings/(Loss) per Share			
Basic	**$ (0.31)**	$ (0.12)	$ 0.01
Fully diluted	**$ (0.31)**	$ (0.12)	$ 0.01
Balance Sheet Data			
Total Assets	**$ 28,536**	$ 35,596	$ 37,352
Total Long Term Debt	**$ 2,992**	$ 3,899	$ 4,789

RESULTS OF CONSOLIDATED OPERATIONS

Results for the year ended January 31, 2009

in thousands except per share amounts

	Year ended 2009	2008
Gross Revenue	$ **65,096**	$ **68,597**
Less: Production taxes and distribution fees	**(35,210)**	(38,288)
Net Revenue	**29,886**	30,309
Cost of goods sold	**25,223**	24,450
Gross profit	**4,663**	5,859
	15.6%	**19.3%**
Selling, marketing and administration	**4,508**	6,211
Earnings before the undernoted	**155**	(352)
Depreciation and amortization	**(1,998)**	(1,736)
Impairment of long-term assets	**(3,349)**	-
Interest and other income (expense)	**(1,231)**	(788)
Earnings before income taxes	**(6,423)**	(2,876)
Provision for (recovery of) future income taxes	**1,048**	(285)
Net earnings	$ **(7,471)**	$ **(2,591)**
Net loss per share		
Basic	$ **(0.31)**	$ (0.12)
Diluted	**(0.31)**	(0.12)
Net Revenue Decrease	-1.4%	-13.0%
Volume Growth/(Decrease)	3.3%	-9.9%
Consisting of:		
Decrease in beer volume	-9.3%	-9.9%
Increase in co-pack volume	240.7%	279.1%
Net volume growth	3.3%	-9.9%

*Reconcilation of Net Earnings to Earnings Before Interest Taxes Depreciation and Amortization (EBITDA)**

(in thousands)

	Year Ended	
	January 31, 2009	January 31, 2008
Net Loss	**(7,472)**	(2,591)
Add:		
Future income tax expense (recovery)	**1,048**	(285)
Amortization	**1,998**	1,736
Impairment on long-term assets	**3,349**	-
Interest on long-term debt	**342**	444
Subtotal	**6,737**	1,895
Less:		
Other interest income/(expense)	**(5)**	76
Subtotal	**(5)**	76
EBITDA*	**(740)**	(620)

NET REVENUE

Net revenues for fiscal 2009 were $29.9 million as compared to $30.3 million for fiscal 2008, a decrease for the year of 1.4%. Gross revenues decreased 5.1% to $65.1 million for fiscal 2009, compared to $68.6 million for fiscal 2008.

In fiscal 2009 the Company's production tax decreased by 9.3% as compared to fiscal 2008. This is consistent with the overall decline in beer volumes. The Company's distribution fees remained consistent with the previous year at 19% of revenues.

In fiscal 2009, the Company's overall sales volume increased by 3.3% over last year. The volume with respect to the co-pack business increased significantly in comparison to the previous fiscal year, providing a lift to the Company's overall volumes. The business relationship with Canada Dry Mott's, Inc. complemented the Company's product mix resulting in a positive impact against the decrease in the beer volumes of 9.3% (9.9% in fiscal 2008). Management believes that investments in outdoor advertising, the introduction of Laker Ale, Laker Honey and Laker Red 24-packs, as well as limited time pricing on Formosa and Red Baron brand names, were key factors in reducing the rate of decline for beer from fiscal 2008 to fiscal 2009.

The Company's volumes of its mainstream and premium brands decreased 6.7% and the Company's Laker brand volumes decreased by 9.4% during the year. Volume of Laker cans accounted for approximately 16% of Laker volumes in the year compared to 18% of Laker volumes last year.

Volumes of the Company's products decreased by 6.5% at TBS and 15% at the LCBO in the year compared to last year. The decreased volumes at TBS reduced net revenue by $2.5 million.

Revenues from co-pack activities were $2.9 million in fiscal 2009 compared to $1.1 million last year. These increased revenues reflect additional co-pack volumes from existing and new contracts.

Management expects that the next fiscal year will show improvement in revenues as a result of an increased focus on marketing initiatives, the increase in the Minimum Retail Price ("MRP") for beer, and new co-packing arrangements. At January 31, 2009, the Company's total market share by volume of TBS retail sales in Ontario was approximately 4% (4% in fiscal 2008).

COST OF GOODS SOLD

Cost of goods sold was $25.2 million for the year; an increase of $0.8 million from the prior year. In the fourth quarter of fiscal 2009, the Company reviewed the amortization period for returnable containers. The Company previously recognized purchases of bottles over a period ranging from five to ten years. A review of industry data regarding bottle lifespan, return rates and turnover period indicated that the estimated useful life was too high and a more relevant amortization period is four years. An adjustment to cost of goods sold of $608 thousand has been recognized to reflect the change in estimate. Future purchases of bottles will be amortized over a four year period.

Aside from the increase due to the change in estimated useful life of returnable containers, cost of goods sold remained flat despite the decline in beer volumes and revenues during the year.

Cost of goods sold in fiscal 2009 reflects increased brewing & filtration materials costs of $398 thousand in aggregate, as there was continued price pressure on malted barley. A reduction to packaging material cost of $533 thousand was realized for fiscal 2009 through tendering out the Company's business for the best price/quality mix, and consolidating the Company's brands. The decrease in packaging material cost is also attributed to the overall decline in sales volumes. Despite reduced volumes, packaging costs were favourable on a per unit basis. The Company is continuing to mitigate input price increases through efficient strategic procurement activities.

For fiscal 2009, labour and benefit costs were reduced by approximately $377 thousand as a result of decreased beer volumes, combined with less reliance on the Formosa facility, and improved efficiency on line output. Overhead costs increased for fiscal 2009 by $455 thousand as utility costs increased substantially along with maintenance expenditures.

Delivery costs increased for the fiscal 2009 year by $176 thousand in aggregate which translated to an 8% increase in cost per unit of goods transported. Increased labour costs for order picking and delivery wages as well as a 30% increase in fuel costs, caused this per unit increase.

The Company's warehousing costs were reduced in fiscal 2009 by $266 thousand through a reduction in labour and the consolidation of glass storage by moving goods back to the Company's packaging facility.

The Company reduced the carrying value of certain bottles by approximately $187 thousand to reflect the net realizable value of these bottles based on production and sales estimates. This amount is included in cost of goods sold for the year ended January 31, 2009.

SELLING, MARKETING AND ADMINISTRATION

Selling, marketing, and administration expenses for the year totalled $4.5 million; a decrease of $1.7 million from the previous year's total expenditures of $6.2 million. The key driver of this decrease was the receipt of $1,000,000 from the new four-year Ontario Craft Brewers Opportunity Fund (the "Opportunity Fund") to assist craft brewers with activities designed to grow their business and be more competitive in the Craft Beer industry. The funding is treated as a reduction in expenses. The Company has utilized these funds to better position itself in the market and expects to see positive results from the marketing initiatives implemented in the later part of fiscal 2009. The Company will continue to leverage the proceeds received from the Opportunity Fund to increase customer awareness of its proprietary beer brands.

As a percentage of net sales, selling, marketing and administration expenses were 15.1% for the year compared to 20.5% for the previous year. Excluding the impact of the Opportunity Fund, these expenses were 17.5% of net sales.

In fiscal 2009, the Company implemented a series of targeted overhead cost reductions to reduce selling, marketing and administration expenses. In fiscal 2009 the Company increased the direct sales, promotional and advertising support for the Laker brands compared to fiscal 2008.

In fiscal 2009, the Company reorganized its structure and certain senior management positions were eliminated. This will result in considerable savings on administrative costs in fiscal 2010.

DEPRECIATION AND AMORTIZATION

For the year ended January 31, 2009, total depreciation and amortization expense was $2.0 million compared to $1.7 million last year. Depreciation of property, plant and equipment was $1.6 million, which was the same as last year. Amortization of deferred costs and other assets was $301 thousand this year as compared to $133 thousand last year. This increase reflects a charge for reducing the cost of other asset to net realizable value and a charge for discontinued listing fees. Other asset consists of an amount paid to a third party to reduce fees for water treatment at the Formosa facility. Listing fees are paid to TBS when a new Stock Keeping Unit ("SKU") is created for a particular product. If the SKU is subsequently delisted, the related fees are written off.

OTHER INCOME AND EXPENSES

For fiscal 2009, interest on long term debt was $342 thousand, compared to $444 thousand for fiscal 2008. With the proceeds of the October 31, 2008 private placement, the Company significantly reduced its bank indebtedness. Also, the Company reduced the principal balance of the long-term debt and obligations under capital leases. These factors resulted in a decline in interest expense for the year.

As a result of the restructuring during the year, severance costs amounted to $589 thousand ($249 thousand in fiscal 2008). On December 11, 2008, the Company's Founder and Executive Chairman retired. The Company incurred a retirement allowance of $390 thousand.

The relationship with Direct Cellars Beverages Co. ("Direct Cellars") ended on January 31, 2009. The Company recognized an equity loss on the long-term investment of $83 thousand.

As a result of consolidating the Formosa brewing operations with the Company's facility located in Waterloo, Ontario, the Company reviewed the carrying amounts of the assets at the Formosa facility to assess for impairment. Management compared the carrying amounts to the estimated undiscounted future cash flows expected to be generated by the assets and determined that the assets may be impaired. Management compared the fair value of these assets to the carrying value and recognized an impairment charge of $3.3 million in these consolidated financial statements.

Also in the year the Company recorded a future income tax provision of $1.0 million compared to a $285 thousand recovery last year. The future income tax provision is net of a valuation allowance of $3.0 million to account for the portion of the non-capital losses carried forward which may not be realized.

NET EARNINGS

For the year ended January 31, 2009, net loss was $7.5 million compared to a net loss of $2.6 million last year. Basic and diluted loss per share for the year ended January 31, 2009 were $0.31 and $0.31 per share respectively, compared with basic and diluted loss of $0.12 per share and $0.12 last year.

LIQUIDITY AND CAPITAL RESOURCES

CONSOLIDATED FINANCIAL POSITION

At January 31, 2009, the Company had bank indebtedness of nil. This represents a decrease of $2.8 million from the previous year. This decrease was achieved with proceeds received from the October 31, 2008 private placement.

On October 31, 2008, the Company completed a non-brokered, non-arms' length private placement (the "Offering") of 5,729,165 units, with each unit consisting of one common share and one common share purchase warrant. Each warrant entitles the holder to purchase one additional common share of the Corporation at a price of $0.71 for a five-year period from the date of closing of the Offering and contains standard anti-dilution provisions.

As at January 31, 2009, the Company had 28,057,010 common shares, 1,050,000 stock options and 5,729,165 warrants outstanding. Each stock option and warrant is exercisable for the same number of common shares.

The Company's working capital position was $3.2 million at January 31, 2009 compared to $3.1 million at January 31, 2008.

Current assets were $8.6 million at January 31, 2009 compared to $10.4 million at January 31, 2008, a decrease of $1.8 million during the fiscal year. The Company's inventories decreased by $2.0 million. In addition to decreased production as a consequence of decreased demand, the decrease in inventory was primarily caused by the capitalization of $750 thousand of certain maintenance parts, as well as revising the estimated useful life of returnable containers, which resulted in a reduction to inventory of $608 thousand.

The Company capitalized its inventory of major spare parts as a result of adopting the new accounting rules, which became effective during the year.

Property, plant and equipment decreased by $3.5 million at January 31, 2009 compared to January 31, 2008. The decrease is due to depreciation of $1.6 million offset by capital expenditures of $1.4 million (including the inventory capitalized during the year as noted above) and the recognition of an impairment on the assets at the Company's facility in Formosa, Ontario of $3.3 million.

Future income taxes have decreased by $1 million at January 31, 2009 compared to January 31, 2008. The decrease is the net result of the Company recording a recovery for future income tax of $2.0 million and a $3.0 million valuation allowance to account for the portion of non-capital losses carried forward which may not be realized.

The current liabilities were $5.5 million at January 31, 2009 compared to $7.3 million at January 31, 2009; a decrease of $1.8 million. This decrease is due primarily to the decrease in bank indebtedness of $2.8 million. The decrease in bank indebtedness was offset by an increase in accounts payable and accrued liabilities of $808 thousand due to management's efforts to closely monitor cash flows, and an increase in deferred grants of $271 thousand which is the portion of the Opportunity Fund received that was not used at January 31, 2009 and is deferred to the following year.

Long-term debt and obligations under capital leases have decreased by $907 thousand and $138 thousand, respectively, at January 31, 2009 compared to January 31, 2008. These decreases are due to repayment of long term debt and capital lease obligations during the year.

The Company is in breach of a financial covenant with respect to both the long-term debt, and the capital lease obligation. As the breach on the capital lease obligation was not waived, the full balance has been presented as a current liability.

CASH FLOW

The Company generated $2.0 million in cash from operating activities in the year ended January 31, 2009 compared to using $837 thousand in the previous year. The primary causes for this differential of $2.8 million are the proceeds received from the Opportunity Fund and a favourable working capital change in the period primarily due to reductions in inventory. The increases were offset by severance costs and a retiring allowance paid during the year.

Financing activities used $0.9 million in cash during the year. The Company received net proceeds of $2.6 million as a result of the Offering during the year and $358 thousand from the exercising of stock options, the majority of which was used to repay the outstanding bank indebtedness of $2.8 million. Repayments of $1.0 million were made during the year on the outstanding long-term debt and obligations under capital leases, consistent with the previous year.

Investing activities used $940 thousand of cash during the year compared to $949 thousand last year. The total capital expenditures for the year were fairly consistent with the previous year. The capital expenditures in fiscal 2009 were primarily incurred for the Kitchener and Waterloo facilities to improve brewing efficiency and reliability of packaging equipment. All of the brewing activity at the Formosa facility was consolidated to the Waterloo facility. The Formosa facility continues to package the Motts Caesar brand. The Company anticipates capital expenditures in fiscal 2010 to be approximately $2.2 million and plans to finance these through cash from operating activities and short-term borrowing.

The Company has an authorized operating line of credit of $4.5 million at prime plus 0.25%. The Company's operating line is sufficient to fund current operating activities and cash requirements throughout the year. The Company is not in compliance with the Fixed Charge Coverage Ratio. At January 31, 2009, no amount was drawn on the operating line of credit.

In addition to the operating line of credit, the Company has a term loan facility outstanding. The Company is not in compliance with the Fixed Charge Coverage Ratio required under the term loan facility. The term lender has waived the covenant breach to February 1, 2010. The Company expects to be in compliance with the financial covenants at January 31, 2010.

The Company also utilizes several operating leases to finance office and computer equipment and software, warehouse and manufacturing equipment, cars, vans, forklifts, trucks, and trailers. The Company also leases the building in Kitchener where it has its warehousing and packaging operations. By entering into operating leases, the Company is able to update its equipment more frequently, not utilize its cash to invest in these assets and in so doing lower its overall average cost compared with purchasing the assets. All leases are evaluated at inception for appropriate accounting treatment. The total of the Company's future lease payments can be found in note 15 to the Company's 2009 audited consolidated financial statements.

The Company has other purchase commitments which include amounts for natural gas, syrup, malt, and packaging materials.

A summary of the Company's contractual obligations for the next five years is as follows:

Payments due by fiscal year in ($000)

Contractual Obligation	2010	2011	2012	2013	2014	Total
Long Term Debt	924	816	502	300	450	2,992
Capital Leases	155	155	138	0	0	448
Operating Leases	1,552	1,367	1,039	912	891	5,761
Other purchase commitments	3,488	558	301	103	0	4,450
Total Contractual Obligations	**6,119**	**2,896**	**1,980**	**1,315**	**1,341**	**13,651**

The Company does not currently pay dividends on its common shares. The Board of Directors of the Company believes that the cash flow of the Company at the current time should be reinvested to finance current activities. The dividend policy is reviewed from time to time.

RISK FACTORS, STRATEGIES AND OUTLOOK

General economic conditions deteriorated during fiscal 2009. Historically per capita consumption of beer has remained fairly constant through periods of economic decline. Management expects that while overall consumption may decline moderately, the value beer segment may increase and in particular, the Company's current brand offerings are well positioned to mitigate the general economic risk.

In the past year, the Company's overall beer volumes were reduced due to poor performance of the Laker brand. Aggressive price promotion throughout the summer from the Company's large competitors negatively affected the brand, as well as cool, wet weather. The Company is currently implementing a number of marketing and selling strategies to maintain the competitiveness of its products at TBS such as increased radio exposure, outdoor advertisement co-marketing and lobby displays. The Company has also partnered with an agency to assist with identifying advertising opportunities. The increased competitive activity and the slowing growth rate for value brands in the marketplace have also had a negative impact on the Company's volumes.

For fiscal 2010, the Company anticipates an increase in its beer volumes due to increased selling and marketing initiatives. The Company will continue to increase the level of direct advertising support for its Laker brands in fiscal 2010. Also, the Company has recently relaunched and repackaged the Red Baron brand. The Company believes that this brand represents a great opportunity as it is packaged in a clear bottle with bold new graphics. Red Baron will be supported by radio, billboard and lobby displays.

The Company will continue to focus on fiscal controls and targeted capital expenditures. The Company will continue to review, and where feasible, reduce distribution costs and administration and operating overheads to ensure both the capabilities and costs of these functions meet the strategies of the Company.

The Kitchener packaging facility is expected to continue to gain improved efficiencies during fiscal 2010 and contribute further to reducing variable manufacturing costs. In May 2009, the Company will launch its own can line at the Kitchener facility. In addition to reducing the Company's foreign exchange exposure, and third party production and warehousing fees, this initiative will increase the capacity of the Kitchener facility and positively impact absorption of overhead costs. During fiscal 2009, the Company consolidated the brewing activities to Waterloo, seeking to reduce annual variable manufacturing costs and duplicated overhead costs. The Company continues to package the Motts Caesar brand for Canada Dry Mott's, Inc. in Formosa.

As a result of consolidating the Formosa brewing operations to the Waterloo facility, the Company reviewed the carrying amounts of the assets at the Formosa facility to assess for impairment. The carrying values have been adjusted downwards to the fair value of these assets. The Company is actively seeking additional co-packing opportunities to supplement the future utilization of the Formosa packaging facility. Formosa remains available for supplemental brewing activities, which may be required during peak periods of production.

The Company has permits to distribute beer in the province of Quebec and it distributes certain of its products directly to retailers. Volumes in Quebec have declined as a result of the competitive environment. The Company will continue to investigate geographic expansion opportunities outside of its core Ontario markets.

In fiscal 2010, the Company anticipates manufacturing input costs for brewing materials to decrease due to reductions in the cost of malted barley and other brewing materials.

In fiscal 2009 and in previous years, Laker cans were produced under license by High Falls. Effective April 30, 2009, High Falls will no longer produce Laker cans as the Company's can line will be operational.

In September 2008, the Company announced a partnership with Latis Imports to represent brands in Ontario from Palm Breweries, Belgium's largest independent Brewer.

During fiscal 2009, the Company settled its lawsuit against The Beer Store. The parties have reached an agreement that will provide the Company with continued access to the industry standard bottle and entitle it to continue to use a non-standard bottle, subject to certain conditions, for certain specified products.

On May 12, 2008, the Company announced its appointment of George H. Croft as President and CEO. Mr Croft's career in the brewing industry spans twenty five years and includes appointments as President, Oland Specialty Beer Co., President, Labatt Breweries of Ontario and President and COO, Lakeport Brewing Income Fund.

On October 1, 2008, the Company announced its appointment of Jason Pratt as Chief Financial Officer. Mr. Pratt has held senior finance roles in companies operating in the telecommunications, food service and brewing industries.

On December 11, 2008, Jim Brickman retired from the Company. Mr. Brickman founded the Company in 1984 and was Executive Chairman of the Company from May 2004 to December 11, 2008 when he retired from the Company. Mr. Brickman served as President and Chief Executive Officer of the Company from February 1984 to May 2004.

SUMMARY OF QUARTERLY RESULTS

$(000's)	Q4 2009	Q3 2009	Q2 2009	Q1 2009	Q4 2008	Q3 2008	Q2 2008	Q1 2008
Net Revenue	6,582	7,295	8,675	7,335	6,271	7,542	9,625	6,872
Selling, general & administration	1,319	888	1,274	1,028	1,454	1,394	1,670	1,693
EBITDA	(1,134)	(423)	454	363	(117)	(674)	942	(771)
Net Income\(Loss)	(6,690)	(676)	1	(107)	(1,118)	(858)	283	(898)
EPS (Basic)	(0.24)	(0.03)	-	-	(.05)	(.04)	.01	(.04)
EPS (Diluted)	(0.24)	(0.03)	-	-	(.05)	(.04)	.01	(.04)

SIGNIFICANT FOURTH QUARTER EVENTS

During the fourth quarter of fiscal 2009 gross revenues were $13.5 million, as compared to $14.0 million in the same period last year, a decrease of 3.5%. Gross revenues for the fourth quarter included revenues of $626 thousand from co-pack activities, an increase from $498 thousand in the previous year. In the quarter, proprietary beer volumes decreased by 10% over the same period last year.

Net revenues for the fourth quarter were $6.6 million compared to $6.3 million in the fourth quarter last year, an increase of 5%. Net revenues are calculated by deducting from gross sales revenues the costs of distribution fees paid to TBS and the LCBO and production taxes. The volumes of the Company's products decreased by 7% at TBS in the fourth quarter compared to the fourth quarter last year, and volumes of the Company's products at the LCBO decreased by 31% for the same period.

Selling, marketing and administration activities costs were fairly consistent in the fourth quarter over the fourth quarter last year.

In the quarter future income taxes were charged with an expense of $1.4 million to account for the portion of the non-capital losses carried forward which may not be realized.

The net loss in the fourth quarter included the charge to income for the impairment of the long-term assets residing at the Formosa facility. Given the shift of the brewing production to the Waterloo facility and the uncertainty regarding the future prospects for the Formosa facility, the Company recognized an impairment charge in the amount of $3.3 million. This is the excess of the carrying value of the assets over their fair value.

Further, a retirement allowance was paid to Jim Brickman and severance to other employees in the fourth quarter resulting in an increase in expenses from the fourth quarter last year of approximately $480 thousand.

EBITDA* was a loss of $1,134 thousand in the fourth quarter of fiscal 2009, compared to a loss of $117 thousand in the fourth quarter of fiscal 2008.

IMPACT OF NEW ACCOUNTING PRONOUNCEMENTS

The Company's accounting policies are discussed in detail in note 1 to the Company's fiscal 2009 audited consolidated financial statements.

Inventories

Effective January 1, 2008, the new CICA Handbook Section 3031 "Inventories" replaced Section 3030 "Inventories" to be consistent with the International Accounting Standards for inventories. The new section requires inventories to be measured at the lower of cost or market and net realizable value, which is consistent with the Company's current policy for measuring inventories held for resale. Further, this section defines what constitutes cost, defining what is to be included and excluded in the determination of cost, and expands the disclosure requirements for inventory.

The adoption of Handbook Section 3031 resulted in an adjustment of $750,218 to reclassify certain maintenance parts inventory to property, plant and equipment. There were no other adjustments to comprehensive income, or net income. The adoption of the accounting policy has been applied prospectively and therefore the prior year comparative financial statements were not restated.

Capital Disclosures

CICA Handbook Section 1535 "Capital Disclosures" requires the disclosure of qualitative and quantitative information about the Company's objectives, policies, and processes for managing capital. These have been disclosed in note 21 of the audited consolidated financial statements.

Future Accounting Pronouncements

Effective for interim and annual financial statements for fiscal years beginning on or after October 1, 2008, the new CICA Handbook Section 3064 will replace Section 3062 "Goodwill and Other Intangible Assets". This section establishes standards for the recognition, measurement, presentation, and disclosure of goodwill and intangible assets including internally generated intangible assets. Upon their initial identification, intangible assets are to be recognized as assets only if they meet the definition of an intangible asset and the recognition criteria. As for subsequent measurement of intangible assets, goodwill, and disclosure, the new section carries forward the requirements of its predecessor. This new section is effective for the Company beginning February 1, 2009. As a result of adopting this section, the Company expects the opening retained earnings in the comparative consolidated financial statements to be adjusted by $261,152 to write off pre-production costs that are no longer permitted to be deferred.

On March 11, 2008, the Accounting Standards Board of Canada confirmed that effective January 1, 2011, International Financial Reporting Standards ("IFRS") will replace Canadian GAAP for publically accountable enterprises. The Company will be required to report its results in accordance with IFRS beginning on February 1, 2011 (fiscal 2012).

Although IFRS uses a conceptual framework similar to Canadian GAAP, differences in accounting policies will need to be addressed. The Company has hired professional staff to assist in the development and execution of a changeover plan to complete the transition to IFRS by February 1, 2011, including the preparation of required comparative information.

The key elements of the Company's changeover plan will include:

• determine appropriate changes to accounting policies and required amendments to financial disclosures;

• identify and implement changes in associated processes and information systems;

• comply with internal control requirements;

• communicate significant impacts to internal business groups; and

• educate and train internal and external stakeholders.

The Company is currently analyzing accounting policy alternatives and identifying implementation options for the corresponding process changes. The Company will update its IFRS changeover plan to reflect new and amended accounting standards issued by the International Accounting Standards Board. As IFRS is expected to change prior to 2011, the impact of IFRS on the Company's financial statements is not reasonably determinable at this time.

RELATED PARTY TRANSACTIONS

The Company's related party transactions are discussed in note 16 to the Company's fiscal 2009 audited consolidated financial statements.

On February 1, 2005 the Company acquired a 50% interest in Direct Cellars. Direct Cellars provides sales agency services to the Company. The cost of services was $616 thousand and $502 thousand for the years ended January 31, 2009 and 2008, respectively. At January 31, 2009, the amount owing from Direct Cellars of $90 thousand had been repaid. During the year ended January 31, 2009, the Company recorded a loss of $83 thousand. Direct Cellars ceased operations on January 31, 2009.

The Company's vendor, Laidlaw Carriers Van LP, is subject to significant influence by one of the Company's directors. This vendor provided distribution services to the Company during the year aggregating to $146 thousand. This vendor was not utilized in the prior year. As at January 31, 2009, the Company owed this vendor $14 thousand.

The amounts paid to Direct Cellars and Laidlaw Carriers Van LP are measured at the exchange amount, which is the amount of consideration established and agreed to by both parties.

As previously noted, on October 31, 2008 the Company completed a non-brokered, non-arms' length private placement of 5,729,165 units, with each unit consisting of one common share and one common share purchase warrant, for gross proceeds of $2.75 million. All units were purchased by insiders of the Company. The Company did not obtain a valuation or majority of the minority shareholder approval but instead relied on exemptions from such requirements available under Multilateral Instrument 61-101 ("MI 61-101") and the rules of the TSX in cases of financial hardship.

CRITICAL ACCOUNTING ESTIMATES

The Company prepares its consolidated financial statements in accordance with Canadian generally accepted accounting principles ("GAAP"), which requires management to make estimates, judgments, and assumptions that it believes are reasonable, based upon the information available. These estimates, judgments and assumptions affect the reported amounts of assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenue and expenses during the reporting period. Management bases its estimates on historical experience and other assumptions, which it believes to be reasonable under the circumstances. Management also evaluates its estimates on an ongoing basis. Actual results could differ from those estimates.

Returnable Containers
Returnable containers are recorded as inventory, at cost. The Company amortizes returnable containers using accounting estimates. Returnable containers are recorded at cost net of deposit liabilities and are amortized over their useful lives. To estimate the useful life, management takes into account return rates and number of uses. The Company estimates useful lives using historical trends and internal studies. There is uncertainty in these estimates in that actual experience may vary from these estimates. The Company is not aware of any facts that would cause it to believe that the estimates used are materially incorrect.

Intangible Assets and Goodwill
Indefinite life intangible assets consist of brands and listing fees. These assets are recorded at cost and are not amortized but instead are tested for impairment annually or when indicated by events or changes in circumstances, by comparing the fair value of the assets to their carrying value. Impairment tests involve using discounted cash flows to value the assets. There is uncertainty in these estimates as the related cash flows are projected for future years based on underlying assumptions such as volume growth, inflation factors and industry trends which may not materialize. Management uses its best estimates to forecast these amounts, but the actual amounts may vary from estimates. Should future cash flows differ from management's estimates, an impairment of these assets and a related write-down may result. When a product is delisted, the Company removes the related listing fee from the balance of trademarks and listing fees. The Company believes that these estimates are materially correct.

Impairment of long-lived assets
Long-lived assets, including property, plant and equipment, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. In assessing the need to record an impairment of the capital assets at the Formosa facility, management prepared estimates of the future cash flows expected over the next five years, based on reasonable assumptions and expectations with respect to the operations and production at the facility. Management concluded that there may be an impairment of the assets and therefore, estimated the impairment based on comparison of the carrying values to the fair values of the assets, prepared by independent third parties. The Company believes that these estimates are materially correct.

Future income tax asset
The Company has recorded an income tax asset. In compliance with the "more likely than not test" required by the CICA Handbook section 3465 "Income Taxes" for these assets to be recorded, the Company has provided a valuation allowance of $3.0 million against the asset for losses carried forward to a future year. In estimating the valuation allowance, management compared the amount of losses available for carry-forward to the expected income forecasted for the next five years, weighted based on the probability of achieving the forecasted figures.

Stock based compensation
The Company recognizes compensation expense when options with no cash settlement feature are granted to employees and directors under the option plan. Stock based compensation expense recognized during the year ended January 31, 2009 was $198 thousand (fiscal 2008-$80 thousand). Assumptions regarding expected stock volatility and risk free interest rates are required to calculate the fair value of the consideration received.

DISCLOSURE CONTROLS AND PROCEDURES

The Company's management, with the participation of the Chief Executive Officer and Chief Financial Officer (collectively, the "Officers") are responsible for establishing and maintaining disclosure controls and procedures as defined under Multilateral Instrument 52-109 for the Company. Management has designed such disclosure controls and procedures, or caused them to be designed under their supervision, to provide reasonable assurance that material information relating to the Company is made known to management by others within the Company. Management has evaluated the effectiveness of the Company's disclosure controls and procedures as of January 31, 2009 and has concluded that such procedures were effective, subject to the matters identified below under "Internal Control Over Financial Reporting", in providing such reasonable assurance as of such date and for the fiscal year then ended.

INTERNAL CONTROL OVER FINANCIAL REPORTING

Management is responsible for establishing and maintaining adequate internal control over financial reporting ("ICFR") to provide reasonable assurance regarding the reliability of the Company's financial reporting and the preparation of its consolidated financial statements in accordance with GAAP.

The Company's internal control over financial reporting includes those policies and procedures that

- pertain to maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company;

- provide reasonable assurance that transactions are recorded as necessary to permit preparation of consolidated financial statements in accordance with Canadian generally accepted accounting principles and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and

- provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the consolidated financial statements.

Internal controls over financial reporting, no matter how well designed have inherent limitations. Therefore, internal control over financial reporting determined to be effective can provide only reasonable assurance with respect to financial statement preparation and may not prevent or detect all misstatements. Moreover, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Management performed an assessment of the effectiveness of the Company's internal control over financial reporting as of January 31, 2009, based on the criteria set forth in the "Internal Control – Integrated Framework" issue by the Committee of Sponsoring Organization of the Treadway Commission ("COSO"). Based on this assessment, management has concluded that internal control over financial reporting was effective as of January 31, 2009.

In the course of evaluating its IFCR as at January 31, 2009, the Officers identified a disclosable weakness in the area of segregation of duties, caused by limited staffing resources. Specifically, given the size of the Company's staffing levels, certain duties within the accounting and finance department cannot be properly segregated. As a result there are identifiable instances where personnel had the ability to initiate transactions or accounting entries within certain financial reporting applications that may not be compatible with their other roles and responsibilities. However, none of the segregation of duty or access control deficiencies resulted in a misstatement to the consolidated financial statements as the Company relies on certain compensating controls, including substantive periodic review of the consolidated financial statements by the Officers and Audit Committee. This weakness is reported in accordance with Canadian Securities Administrators Staff Notice 52-316 and is considered to be a common area of deficiency for many smaller listed companies in Canada.

Changes in Internal Control over Financial Reporting
During the fiscal year ended January 31, 2009, there were changes in the Company's internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting as follows:

The Company has enhanced its internal control over financial reporting including, strengthening knowledge of complex and non-routine transactions through training and change in employees and improving documentation over financial statement preparation.

FINANCIAL INSTRUMENTS

The Company does not enter into contractual agreements involving financial instruments to hedge underlying exposures to foreign exchange, interest rates and commodity markets.

A portion of the Company's purchases are in U.S. dollars. The Company does not sell any of its products in U.S. funds.

The Company uses significant quantities of malt and hops. The Company uses fixed price contracts of less than one year to reduce the price exposures on these commodities. The Company has secured its required supply of malt and hops for fiscal 2010 and has entered into fixed price contacts, the balance of which are disclosed in the commitments schedule included in this MD&A.

* EBITDA is a non-GAAP earnings measure, therefore it does not have any standardized meaning prescribed by Canadian generally accepted accounting principles and may not be similar to measures presented by other companies. EBITDA represents earnings before interest, income taxes, depreciation and amortization. Management uses this measurement to evaluate the operating results of the Company. This measure is also important to management since it is used by the Company's lenders to evaluate the ongoing cash generating capability of the Company and therefore the amounts those lenders are willing to lend to the Company. Investors find EBITDA to be useful information because it provides a measure of the Company's operating performance.