MANAGEMENT'S DISCUSSION & ANALYSIS

THIRD QUARTER FISCAL 2018

Quarter Ended October 29, 2017

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 ("Brick" or the "Company") for the quarterly period ended October 29, 2017 ("the third quarter of fiscal 2018") in comparison with the quarterly period ended October 30, 2016 ("the third quarter of fiscal 2017"). This MD&A should be read in conjunction with: (i) the Company's unaudited condensed interim financial statements for the third quarters of fiscal 2018 and 2017 and the notes thereto, which have been prepared in accordance with International Financial Reporting Standards ("IFRS"); and (ii) the annual report of the Company for the year ended January 31, 2017, including the sections on risks and uncertainties within the MD&A for fiscal 2017. The interim financial statements for the third quarter of fiscal 2018 have not been audited or reviewed by the Company's auditors, KPMG LLP. This MD&A has been prepared as of December 7, 2017. 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, statements concerning expected volumes, earnings before interest, taxes, depreciation and amortization and share based payments ("EBITDA*"), 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 December 7, 2017 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 statements regarding expected volumes, EBITDA*, operating efficiencies and costs are based on, among other things, the following material factors and assumptions: sales volumes in the fiscal year ending January 31, 2018 ("fiscal 2018") will increase; no material changes in consumer preferences; brewing, blending, and packaging efficiencies will improve; the cost of input materials for brewing, blending, and packaging will increase; competitive activity from other manufacturers will continue; no material change to the regulatory environment in which the Company operates and no material supply, cost or quality control issues with the Company's vendors. Readers are urged to consider the foregoing factors and assumptions when reading the forward-looking statements in this MD&A. 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, readers should also refer to the remainder of the discussion in this MD&A, the Company's annual information form and various other public filings as and when released by the Company. The forward-looking statements included in this MD&A are made only as of December 7, 2017 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

Products

The Company produces, sells, markets and distributes packaged and draft premium beer under the Waterloo brand name, and value beer under the Laker and Red Cap names. The Company also produces, sells, markets and distributes Seagram Coolers across Canada, including vodka and malt based coolers as well as ciders. Pursuant to an exclusive long-term licensing agreement, the Company produces, sells, markets and distributes products under the LandShark® and Margaritaville® trademarks in Canada.

Pursuant to a co-packaging agreement with Loblaws Inc. ("Loblaws"), the Company produces, sells, markets and distributes various beer products on behalf of Loblaws under the licensed President's Choice® ("PC®") trademark. The Company produces the Mott's Caesar brand in bottles under a contract with Canada Dry Mott's, Inc. ("CDMI") and also acts as the exclusive sales agent in Ontario for CDMI. The Company also has brewing and co-packaging agreements with other manufacturers. These customers are not separately identified, as per the terms of those agreements.

Geographic Distribution

The Company's products are sold primarily in Ontario. The Company's Waterloo packaged beer is also sold in Atlantic Canada, Western Canada, and the USA. Seagram, LandShark® and Margaritaville® products are sold in Canada. Seagram Coolers are manufactured and distributed in Quebec pursuant to a licensing agreement with Blue Spike Beverages. Recently a voluntary product withdrawal was announced related to Blue Spike's products in Quebec, including Seagram, due to an apparent conflict between the type of alcohol involved and the distribution channel permitted for such alcohol in Quebec. The impact to Brick is expected to be negligible, and limited to reduced royalty income.

Distribution Channels

In Ontario, distribution of packaged beer occurs through The Beer Store ("TBS"), Liquor Control Board of Ontario ("LCBO"), and licensed grocery stores. Consumers can purchase the Company's products through these channels as well as through licensed establishments (bars and restaurants) in Ontario. Seagram Coolers are sold through the provincial liquor boards and The Beer Store in Ontario. There are currently over 280 licensed grocery stores in Ontario, with additional store licenses expected to be granted during the balance of 2017 and 2018. The Company currently distributes Laker, LandShark®, and Waterloo beers, as well as Seagram cider, in certain grocery stores in Ontario.

Operating Facilities

The Company's production facility is located in Kitchener, Ontario. In fiscal 2017, the Company announced its intention to sell its brewing, blending and packaging facility located in Formosa, Ontario and consolidate operations within its primary Kitchener facility. On September 1, 2017, the Company announced that it reached a definitive agreement for the sale of the Formosa facility and the sale was completed in the third quarter of fiscal 2018. The Company's head and registered office is in Kitchener, Ontario.

SELECTED QUARTERLY INFORMATION

The following table summarizes certain unaudited quarterly financial information of the Company for each of the quarters indicated prepared in accordance with IFRS:

(in thousands of dollars, except per share amounts)	Quarter Ended		
	October 29, 2017	October 30, 2016	October 25, 2015
Income Statement Data			
Gross Revenue	**$ 23,722**	$ 22,387	$ 19,198
Net Revenue (after production taxes and distribution fees)	**$ 11,671**	$ 11,106	$ 9,830
Earnings before interest, taxes, depreciation and amortization, and share-based payments	**$ 1,682**	$ 2,045	$ 1,470
Net income	**$ 387**	$ 854	$ 492
Earnings per share			
Basic	**$ 0.01**	$ 0.02	$ 0.01
Diluted	**$ 0.01**	$ 0.02	$ 0.01
Balance Sheet Data			
Total Assets	**$ 58,709**	$ 52,770	$ 50,689
Total Term Debt and Obligation Under Finance Lease	**$ 11,649**	$ 8,132	$ 8,608

RESULTS OF OPERATIONS

Results for the period ended:

(in thousands of dollars except per share amounts)	Quarter ended		Fiscal year-to-date ended	
	October 29, 2017	October 30, 2016	**October 29, 2017**	October 30, 2016
Gross revenue	**$ 23,722**	$ 22,387	**$ 75,983**	$ 67,246
Less: Production taxes and distribution fees	**12,051**	11,281	**36,928**	32,609
Net revenue	**11,671**	11,106	**39,055**	34,637
Cost of sales	**8,558**	7,302	**27,895**	22,317
Gross profit	**3,113**	3,804	**11,160**	12,320
	26.7%	34.3%	**28.6%**	35.6%
Selling, marketing and administration	**2,239**	2,350	**7,048**	6,939
Income before the undernoted	**875**	1,454	**4,112**	5,381
Other expenses	**187**	206	**582**	651
Finance costs	**145**	103	**380**	386
Income before tax	**543**	1,145	**3,150**	4,344
Income tax expense	**156**	291	**857**	1,067
Net income	**387**	854	**2,293**	3,277
Earnings per share				
Basic	**$ 0.01**	$ 0.02	**$ 0.06**	$ 0.09
Diluted	**$ 0.01**	$ 0.02	**$ 0.06**	$ 0.09
Net revenue increase	**5.1%**	13.0%	**12.8%**	21.2%
Consisting of:				
Increase in owner brand net revenue	**3.4%**	13.0%	**9.5%**	19.1%
Increase in co-pack net revenue	**13.0%**	12.7%	**26.3%**	32.2%

*Reconciliation of Net Earnings to Earnings Before Interest Taxes Depreciation and Amortization, and Share Based Payments (EBITDA)**

(in thousands of dollars)	Quarter ended October 29, 2017	Quarter ended October 30, 2016	Fiscal year-to-date ended October 29, 2017	Fiscal year-to-date ended October 30, 2016
Net income	**$ 387**	$ 854	**$ 2,293**	$ 3,277
Add (deduct):				
Income tax expense	**156**	291	**857**	1,067
Depreciation and amortization	**927**	753	**2,650**	2,240
Gain on disposal of property, plant and equipment	**(26)**	-	**(26)**	-
Share-based payments	**93**	44	**206**	105
Finance costs	**145**	103	**380**	386
Subtotal	**1,295**	1,191	**4,067**	3,798
EBITDA*	**1,682**	2,045	**6,360**	7,075

NET REVENUE

Gross revenues were $23.7 million and $76.0 million for the third quarter and fiscal year-to-date periods ended October 29, 2017 compared to $22.4 million and $67.2 million in the same periods ended October 30, 2016. Net revenues for the third quarter and fiscal year-to-date periods ended October 29, 2017 were $11.7 million and $39.1 million, respectively, compared to $11.1 million and $34.6 million in the same periods ended October 30, 2016. Net revenues are calculated by deducting from gross revenues the costs of distribution fees paid to TBS and provincial liquor boards and production taxes.

Gross and net revenue were impacted by the increase in branded sales volumes and by growth in co-pack revenue.

In the third quarter of fiscal 2018, the Company's overall sales volume was approximately 58,900 hectolitres.

(in hectolitres rounded to nearest 100)	Quarter ended October 29, 2017	Quarter ended October 30, 2016	Fiscal year-to-date ended October 29, 2017	Fiscal year-to-date ended October 30, 2016
Laker	43,200	41,500	131,800	122,600
Waterloo	5,700	5,200	17,500	15,800
Landshark & Margaritaville	6,700	5,300	20,600	13,200
Other Beer Brands[1]	800	1,300	3,200	4,000
Seagram Coolers[2]	2,500	2,800	10,100	9,700
Total Branded Volume	58,900	56,100	183,200	165,300

[1] Formosa Springs and Red Baron, reported within other beer brands, were sold in September 2017.

[2] Includes volume sold under the licensed Seagram Trademark by Blue Spike Beverages in Quebec.

BRANDED VOLUMES

Branded sales volumes increased in the third quarter of fiscal 2018 by 5.0% over fiscal 2017's third quarter sales volumes. Volume growth of the Waterloo and Laker brands, along with the continued success of LandShark® and Margaritaville® products were the main contributors to the volume increase. Production and sales of LandShark® and Margaritaville® products commenced during the first quarter of fiscal 2017.

During the quarter ended October 29, 2017, the Laker family brand sales volumes increased by 4.1% over the quarter ended October 30, 2016, despite price pressure from competitive mainstream brands. The industry beer volumes decreased by approximately 3.4% (based on counter sales through TBS) in the third quarter of fiscal 2018 driven by a cool, wet summer in Ontario.

Waterloo brand sales volumes increased by 9.6% in the quarter ended October 29, 2017 compared to the same quarter ended October 30, 2016. The Company continues to support the Waterloo brands through additional marketing to raise awareness of the Company's craft brewing division, Waterloo Brewing. During the first quarter of fiscal 2018, the Company unveiled a new look, identity and website for its Waterloo brand to drive further brand awareness and volume growth.

The Company launched LandShark® and Margaritaville® products during fiscal 2017, available at TBS, LCBO, and grocery stores in Ontario. These products generated sales volumes of approximately 6,700 hectoliters during the quarter ended October 29, 2017, compared to 5,300 hectoliters in the quarter ended October 30, 2016.

In the quarter ended October 29, 2017, the beer volume included in the table above consisted of 22.0% in the premium beer category which represents an increase of 11.6% from the quarter ended October 30, 2016 due to the continued success of LandShark® Lager. The Company continues to hold less than 5% of the total market share by volume of TBS retail sales in Ontario.

During the quarter ended October 29, 2017, sales volumes of the Seagram Coolers decreased by 10.7% compared to the quarter ended October 30, 2016. The decrease is primarily due to the delisting of Seagram malt based coolers at TBS.

PRODUCTION TAXES & DISTRIBUTION FEES

During the third quarter of fiscal 2018, the Company's production tax increased by 8.3% compared to third quarter of fiscal 2017 due to the increase in sales volume of the Company's beer brands and increases to the rate of beer and excise taxes. Distribution fees during the third quarter of fiscal 2018 represented approximately 15.2% of gross revenues compared to 15.5% in the same period during fiscal 2017.

COST OF SALES

Cost of sales was $8.6 million for the third quarter of fiscal 2018, an increase of $1.3 million from the third quarter of fiscal 2017. Cost of sales represented 73.3% of net revenue in the third quarter of fiscal 2018 compared to 65.7% in the third quarter of fiscal 2017; an increase of 7.6%. The increase is driven by volume growth, both branded and copack, and one time costs of approximately $0.2 million in the third quarter of fiscal 2018 ($0.9 million on a fiscal year-to-date basis) associated with the consolidation of the Company's brewing, blending and packaging facility in Formosa, Ontario into its Kitchener facility.

The commissioning of new equipment related to the consolidation and the transition of production from the Formosa facility occurred during the quarter, which negatively affected cost of goods. As of late October 2017, the Company began to see improvements to operating performance and expects to return to more normal cost performance going forward.

SELLING, MARKETING AND ADMINISTRATION

In the third quarter of fiscal 2018, selling, marketing and administration ("SM&A") expenses totalled $2.2 million, compared to $2.4 million in the third quarter of fiscal 2017. SM&A expenses have increased by $0.1 million on a year-to-date basis. The increase is driven by increased sales and advertising spend to support the Company's core brands: Laker and Waterloo, as well as LandShark® and Margaritaville®.

As a percentage of net revenue, SM&A expenses were 19.2% and 18.0% in the third quarter and fiscal year-to-date period ended October 29, 2017, respectively, compared to 21.2% and 20.0% in the same periods of fiscal 2017 ended October 30, 2016.

DEPRECIATION AND AMORTIZATION

Total depreciation and amortization expense for the third quarter and fiscal year-to-date period ended October 29, 2017 was $0.9 million and $2.7 million, respectively, compared to $0.8 million and $2.2 million in the same periods in fiscal 2017.

FINANCE COSTS

In the third quarter of fiscal 2018, finance costs were $0.1 million, and $0.4 million on a fiscal year-to-date basis, compared to $0.1 million and $0.4 million in the same periods of fiscal 2017, respectively.

INCOME TAX EXPENSE

In the third quarter of fiscal 2018, the Company recorded an income tax expense of $0.2 million compared to $0.3 million in the third quarter of fiscal 2017. On a fiscal year-to-date basis, the income tax provision is $0.9 million in fiscal 2018 and $1.1 million in fiscal 2017.

NET EARNINGS

The Company had a net income of $0.4 million in the third quarter of fiscal 2018, compared to $0.9 million in the third quarter of fiscal 2017. On a fiscal year-to-date basis, net income was $2.3 million for fiscal 2018 and $3.3 million for fiscal 2017.

The basic and diluted earnings per share for the quarter and fiscal year-to-date periods ended October 29, 2017 were $0.01 and $0.06 per share respectively. The basic and diluted earnings per share for the quarter and fiscal year-to-date periods ended October 30, 2016 were $0.02 and $0.09 per share respectively.

LIQUIDITY AND CAPITAL RESOURCES

FINANCIAL POSITION

The Company had an operating line of credit available and term debt outstanding at October 29, 2017. As at October 29, 2017, the Company was in compliance with all covenants to its lenders. The Company expects to continue to be in compliance with these covenants at January 31, 2018.

The Company has an operating line of credit which provides for a maximum of $8.0 million credit (margined against accounts receivable and inventory of the Company) and bears interest at a rate of prime plus 0.20%. At October 29, 2017, the Company had bank indebtedness of nil, compared to nil as at January 31, 2017.

The Company has a positive working capital position of $7.3 million at October 29, 2017 compared to a positive working capital position of $4.9 million at January 31, 2017.

Current assets of the Company were $16.5 million as of October 29, 2017 compared to $16.1 million as of January 31, 2017.

As of October 29, 2017, the Company had $2.7 million in cash on hand compared to a balance of $2.8 million as of January 31, 2017.

As of October 29, 2017, the Company's balance of accounts receivable increased by $1.4 million compared to the balance as of January 31, 2017. Inventory as of October 29, 2017 decreased by $1.0 million compared to the balance as of January 31, 2017. The change in accounts receivable is a function of higher sales and co-pack volumes in the first half of fiscal 2018.

Property, plant and equipment increased by $4.8 million at October 29, 2017 from January 31, 2017. The balance of property, plant and equipment included purchases of $9.1 million, $2.1 million of which were construction deposits paid in fiscal 2017. During the third quarter of fiscal 2018, the Company sold it's facility located in Formosa, Ontario for proceeds of $2.4 million, less closing costs.

Intangible assets decreased by $0.2 million at October 29, 2017 from January 31, 2017 due to purchases of listings for $0.2 million offset by amortization of $0.2 million and a disposal of listings associated with the sale of the Red Baron and Formosa Springs brands included in the sale of the Formosa, Ontario brewery.

The Company's current liabilities were $9.2 million at October 29, 2017 compared to $11.1 million at January 31, 2017, a decrease of $1.9 million. The decrease is attributable to the payment of amounts payable in connection to the consolidation of the Company's Formosa operations with its Kitchener facility.

Deferred income tax liabilities at October 29, 2017 were $0.9 million, an increase of $0.8 million from January 31, 2017. As at January 31, 2017, the Company had deferred income tax liabilities of $0.1 million.

At October 29, 2017, the Company had an obligation under a finance lease (including the current portion) of $4.0 million, a decrease of $0.7 million due to principal repayments. In fiscal 2016, the Company entered into a finance lease agreement with HSBC Bank Canada ("HSBC") for the installation of a new state-of-the-art brew house at its Kitchener, Ontario facility.

Long-term debt (including the current portion) at October 29, 2017 increased by $4.4 million from the balance at January 31, 2017. During the year-to-date period ended October 29, 2017, the Company received $5.1 million in term loans from HSBC and repaid $0.7 million through principal repayments.

As at October 29, 2017, the Company had 35,251,649 common shares and 1,372,331 stock options issued and outstanding. Each stock option is exercisable for one common share. During the third quarter of fiscal 2018, 371,000 options were granted pursuant to the Company's stock option plan, 36,667 options were exercised, and 15,000 options were forfeited. On a fiscal year-to-date basis, 851,000 options have been granted, 456,162 have been exercised, and 20,000 have been forfeited as at October 29, 2017. During the first quarter of fiscal 2018, 115,200 shares were purchased and cancelled by the Company under a normal course issuer bid, ("NCIB") which expired on April 23, 2017, at a weighted average purchase price of $2.80 per share.

CASH FLOW

The Company generated $3.5 million and $2.6 million through operations during the third quarter of fiscal 2018 and on a fiscal year-to-date basis, respectively, compared to generating $2.0 million during the third quarter of fiscal 2017, and generating $4.4 million on a fiscal year-to-date basis in the third quarter of fiscal 2017. The increase in cash generated in operating activities is due to changes in non-cash working capital.

The amount of cash generated in investing activities in the third quarter of fiscal 2018 was $1.3 million ($4.8 million used on a fiscal year-to-date basis) compared to $1.5 million used in the third quarter of fiscal 2017 ($2.7 million on a fiscal year-to-date basis). The spending on property, plant and equipment in the third quarter of fiscal 2018 amounts to approximately $1.3 million; $7.1 million fiscal year-to-date.

The amount of cash used by financing activities in the third quarter of fiscal 2018 was $2.1 million ($2.0 million generated on a fiscal year-to-date basis) compared to $0.6 million of cash used in the third quarter of fiscal 2017 ($1.1 million used on a fiscal year-to-date basis).

The Company has an operating line of credit with HSBC of $8.0 million which bears interest at a rate of prime plus 0.20%. As at October 29, 2017, the Company was in compliance with the financial covenants required under the terms of the operating line of credit. At October 29, 2017 the amount drawn on the operating line of credit was nil.

COMMITMENTS

The Company utilizes several operating leases to finance office equipment, warehouse and manufacturing equipment, and vehicles. The Company also leases the building in Kitchener where it has its manufacturing, warehousing, and retail 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 25 to the Company's audited annual financial statements for the year ended January 31, 2017.

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 future periods is as follows:

(in thousands of dollars)	**Long-term debt**	**Obligation under finance lease**	**Operating leases**	**Other purchase commitments**	**Total**
Due within one year	$ 1,329	$ 900	$ 1,356	$ 3,117	**$ 6,702**
Due in one to five years	5,829	3,451	4,818	480	**14,578**
Due in over five years	521	-	3,476	48	**4,045**
	7,679	4,351	9,650	3,645	**25,325**

On December 7, 2017, the Board of Directors declared a quarterly dividend of $0.02 per share payable on January 23, 2018 to shareholders of record as at January 9, 2018, an increase of 25% from the previous $0.016 per share.

RISK FACTORS, STRATEGIES AND OUTLOOK

Risk Factors

Licensing

The Company requires various permits, licenses, and approvals from several government agencies in order to operate in its market areas. The Alcohol and Gaming Commission of Ontario ("AGCO") and the Canada Revenue Agency provide the necessary licensing approvals. Management believes that the Company is in compliance with all licenses, permits and approvals.

Consumer preference/trends

The beer industry is highly competitive and has experienced an overall decline in beer sales over the past several years. In Ontario, trends continue to be towards canned beer products in preference to bottled beer products. The installation and upgrade of the Company's canning line in fiscal 2010 and fiscal 2014, respectively, has provided the Company with control over production and distribution and the result has been considerable growth in canned volume. Consumer preference has also shifted towards craft beer which has benefited the Waterloo brands.

Pricing environment

Annual increases in the minimum retail price ("MRP") have seen the price gap between value and mainstream brands reduced, creating increased competitive pressure. The MRP for beer was increased effective March 1, 2017. The Company's key competitors have increased the price for value beer to a level above the legal minimum. The Company has historically positioned its brands at the same price point to achieve additional profit margin per unit.

The Company expects future legislated price increases to erode the price gap between value brands and mainstream brands. Management believes that the Company will stay relevant and profitable by delivering a product that is consistently superior in look and taste to other domestic brands with comparable price. An example of the required innovation and differentiation is the Company's launch of select Laker 24-bottle packs with a free tall can in every case.

The Company will continue to mitigate ongoing pressure on beer volumes by actively pursuing co-packing contracts that provide incremental volume and gross margin. As required, profits from co-pack arrangements will be reinvested in selling and marketing initiatives to maintain brand loyalty.

Quality

With the backdrop of intense price competition driven by MRP changes, the quality of the Company's product is more important than ever. The Company invests significantly to continually improve overall product quality.

The Company continues to receive recognition for its brewing quality and brands through both local and international brewing communities and expert panels. In April 2017, the Company announced that its Waterloo brands received international recognition at the Monde Selection in Belgium. Waterloo Grapefruit Radler received special recognition with the International High Quality Trophy Award for 2017, having achieved superior gold product quality in each of the last three years. Waterloo Grapefruit Radler, Dark, Amber, and IPA also won Gold for outstanding product quality. Laker Lager and Landshark® Lager each received a Silver medal, as did the seasonal craft brews of Waterloo Blueberry Weizenbier and Sour Weisse.

The Company is currently certified under the internationally recognized Global Food Safety Standard and successfully completed its annual re-certification audit in the third quarter of fiscal 2018. Quality improvement resonates with existing and potential co-pack customers and will be a key factor in maintaining and growing co-pack business to utilize available capacity.

The Beer Store/LCBO

TBS and LCBO are unionized organizations and a strike could have a significantly negative impact on the Company. There can be no assurance that a TBS or LCBO strike will not occur in the future.

The retail beer channel in Ontario is undergoing changes as a result of the work by the Premier's Advisory Council on Government Assets. The Premier's Advisory Council, chaired by Ed Clark, released the final framework agreement during the fourth quarter of fiscal 2016. The final agreement sets out numerous changes, including modifications to the operating practices at TBS and the introduction of beer sales through the grocery channel. The implementation of these changes to the beer retail environment began in the fourth quarter of fiscal 2016 and is expected to continue throughout fiscal 2018.

Availability of financing

The Company requires continued support from its lenders to maintain its financial condition. The loss of this support could limit expansion opportunities and put a strain on the Company's continuing operations. The ability to maintain current arrangements and secure future financing will depend, in part, upon the prevailing capital market conditions as well as the Company's business performance. There can be no assurance that the Company will be successful in its efforts to arrange additional financing on satisfactory terms. During the third quarter of fiscal 2018, the Company signed a new agreement with Wells Fargo which included reduced interest rates and incremental borrowing.

Commodity price risk

The Company is exposed to commodity price risk with respect to agricultural and other raw materials used to produce the Company's products, including malted barley, hops, corn syrup, water, and packaging materials (including glass, aluminum, cardboard and other paper products), where fluctuations in the market price or availability of these items could impact the Company's cash flow and production. The supply and price can be affected by a number of factors beyond management's control, including market demand, global events, frosts, droughts and other weather conditions, economic factors affecting growth decisions, plant diseases, and theft. To the extent any of the foregoing factors affect the prices of ingredients or packaging, the Company's results of operations could be materially and adversely impacted. To minimize the impact of this risk, the Company enters into contracts which secure supply and set pricing to manage the exposure to availability and pricing.

Exchange rate risk

Purchases of some key inputs are denominated in U.S. dollars. Any weakening of the Canadian dollar versus the U.S. dollar would result in higher material costs. There can be no assurance that the strength of the Canadian dollar will not materially change in the future. In the third quarter of fiscal 2018, the Company began hedging its exposure to the U.S. dollar through derivatives as a strategy to manage its exposure to exchange rate fluctuations.

Strategy & Outlook

The Laker family will require a sustained marketing investment to ensure retention of existing customers. The Company will continue to focus on growing the Waterloo and Laker brands. In December 2015, the Company secured the exclusive Canadian rights to both the LandShark® and Margaritaville® brands for beer, cider, and coolers. The Company will be focusing on these brands to position them well for future growth. LandShark® and Margaritaville® products continue to perform well, and management expects this to continue in the remainder of fiscal 2018. Additionally, the Company will focus on utilizing its leading edge manufacturing capability by filling available capacity, lowering cost, and improving efficiency.

The Company continues to offer a free can within select 24-pack bottles and expects to continue this promotional activity in fiscal 2018.

In January 2017, the Company announced its plans to consolidate all operations to its Kitchener, Ontario location with a $4.0 million expansion. The Company completed this expansion at the end of August 2017. The Company has now exited the Formosa, Ontario facility and operates a single integrated facility in Kitchener.

In conjunction with its planned Enterprise Resource Planning system implementation, the Company's largest customer, TBS, has indicated the intent to move from a buy-sell relationship to one of consignment. This is expected in the first half of fiscal 2019. On implementation, the Company expects a one-time reversal of margin to reflect inventory on hand in the TBS channel. The impact would be determined based on actual inventory at the time of implementation. Management estimates the impact of the one-time adjustment to net income to be between $1.1 and $1.6 million.

In fiscal 2018, the Company will be focused on the following priorities:

Organic growth

Management is targeting organic growth. The Company is positioned well within its core Ontario beer business. Management continues to focus on driving branded volume growth in Waterloo, Laker and LandShark®, driven by brand support and the launch of new products. The Company expects to continue to offer seasonal brands during fiscal 2018. In fiscal 2018, the Company will focus on maintaining the momentum achieved by the successful launch of LandShark® and Margaritaville® products during fiscal 2017.

The Company will continue to seek new and expanded co-packing relationships during fiscal 2018. The new brewhouse, as well as the expansion at its Kitchener location, present further opportunities for the Company to expand its co-pack business.

Improving gross margin per unit

The Laker brand margin has performed well despite the presence of many beer brands at the same or similar pricing. Laker's fit and finish is comparable with mainstream brands. Management believes that this share performance in a highly competitive pricing environment is the result of brand support, a compelling value proposition, and significant quality improvements at Brick in recent years.

Sales of Seagram Coolers and Waterloo beer brands, along with the LandShark® and Margaritaville® launches, will also contribute to margin improvement due to higher revenue per unit. The Company will continue to maximize margin and minimize complexity within the organization by delisting underperforming brands.

Cost reduction

Management believes that cost reduction is an ongoing initiative and forms part of the culture at Brick. Cost reduction will be a continued focus throughout fiscal 2018.

SUMMARY OF QUARTERLY RESULTS

The following table presents selected unaudited quarterly financial information for each of the eight quarters indicated prepared in accordance with IFRS:

$000's *except per share amounts*	**Q3 2018**	**Q2 2018**	**Q1 2018**	**Q4 2017**	**Q3 2017**	**Q2 2017**	**Q1 2017**	**Q4 2016**
Net Revenue	$ 11,671	$ 15,904	$ 11,480	$ 10,539	$ 11,106	$ 14,011	$ 9,520	$ 9,035
Selling, marketing & administration	2,239	2,691	2,118	2,309	2,350	2,708	1,881	1,718
EBITDA*	1,682	2,626	2,053	1,769	2,045	3,091	1,938	1,637
Net Income	387	1,120	787	720	854	1,635	788	492
EPS (Basic)	$ 0.01	$ 0.03	$ 0.02	$ 0.02	$ 0.02	$ 0.05	$ 0.02	$ 0.02
EPS (Diluted)	$ 0.01	$ 0.03	$ 0.02	$ 0.02	$ 0.02	$ 0.05	$ 0.02	$ 0.02

IMPACT OF NEW ACCOUNTING PRONOUNCEMENTS

The Company's accounting policies, and future accounting pronouncements, are discussed in detail within note 5 and 6, respectively, to the Company's annual audited financial statements for the year ended January 31, 2017.

RELATED PARTY TRANSACTIONS

The Company's related party transactions are discussed in note 27 to the Company's audited financial statements for the year ended January 31, 2017.

The Company sponsors the Boots and Hearts Music Festival, a multi-day country music festival produced by Republic Live Inc., a company that is owned by one of the Company's directors. A sponsorship fee was paid to Republic Live Inc. during the second quarter of fiscal 2018 in the amount of approximately $0.1 million. This expense has been recognized in the third quarter of fiscal 2018 when the event took place. As at October 29, 2017, the Company did not have any amounts payable to this vendor.

CRITICAL ACCOUNTING ESTIMATES

The Company prepares its financial statements in accordance with IFRS, 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 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.

Property, plant and equipment

The accounting for property, plant and equipment requires that management make estimates involving the life of the assets, the selection of an appropriate method of depreciation and determining whether an impairment of assets exists.

The Company reviews the residual values, useful lives of depreciable assets and depreciation method on an annual basis and where revisions are made the Company applies such changes in estimates on a prospective basis.

The net carrying amounts of property, plant and equipment are reviewed for impairment either individually or at the cash-generating unit level at the end of each reporting period. If there are indicators of impairment, an evaluation is undertaken to determine whether the carrying amounts are in excess of their recoverable amounts. An asset's recoverable amount is determined as the higher of its fair value less cost to sell and its value-in-use. To the extent that an asset's carrying amount exceeds its recoverable amount, the excess is fully provided for in the period in which it is determined to be impaired. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior periods. There is uncertainty in these estimates as the related recoverable amounts 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 results differ from management's estimates, an impairment of these assets and a related write-down may result. As at the date of this report, the Company believes that its estimates are materially correct.

Returnable containers

Returnable containers are recorded at cost net of deposit liabilities and are amortized over their useful lives. To estimate useful life, management uses historical trends and internal studies to obtain a reasonable estimate of the rates of return and usage. Actual results may vary from these estimates. As at the date of this report, the Company is not aware of any facts or circumstances that would cause it to believe that the estimates used are materially incorrect.

Intangible assets

Intangible assets consist of trademarks and listings. Trademarks are recorded at cost and are not amortized but instead are reviewed for impairment at the end of each reporting period. If there are indicators of impairment, an evaluation is undertaken to determine whether the carrying amounts are in excess of their recoverable amounts. An asset's recoverable amount is determined as the higher of its fair value less cost to sell and its value-in-use. There is uncertainty in these estimates as the related recoverable amounts 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 results differ from management's estimates, an impairment of these assets and a related write-down may result. As at the date of this report, the Company believes that its estimates are materially correct.

Listings have historically been measured at acquisition cost less any impairment in value. *IAS 38 Intangible Assets* (IAS 38) requires that the useful life of an intangible asset be reviewed at least at each financial year-end. As at January 31, 2017, the Company revised its estimate of the useful life of these assets from an indefinite to a finite useful life. A review of the useful lives of past listing purchases indicates that a portion of the listings purchased will fall short of the volume performance thresholds and be delisted, and therefore, have a finite life. Effective February 1, 2017, the Company will, in order to reflect that a portion of the listings will be finite life, began to amortize its listings, prospectively, over a 20-year period, which represents management's best estimate of the expected average useful life of these assets. The Company estimates that amortization expense will increase by approximately $250,000 annually. As at the date of this report, the Company believes that its estimates are materially correct.

Income Taxes

The determination of the Company's provision for income tax as well as deferred tax assets and liabilities involves significant judgements and estimates on certain matters and transactions, for which the ultimate outcome may be uncertain. If the final outcome differs from management's estimates, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made. As at the date of this report, the Company believes that its estimates are materially correct.

Share-based reserves: share-based payments

The Company recognizes compensation expense when options with no cash settlement feature are granted to employees and directors under the stock option plan. Assumptions regarding expected stock volatility and risk free interest rates are required to calculate the fair value of the consideration received.

Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Given the uncertainty surrounding the nature of the underlying provision, actual results may vary from the estimates made by management. As at the date of this report, the Company believes that its estimates are materially correct.

DISCLOSURE CONTROLS AND PROCEDURES

The Company's management, with the participation of the Chief Executive Officer, Chief Operating Officer and Chief Financial Officer (collectively, the "Executive Team") are responsible for establishing and maintaining disclosure controls and procedures as defined under National 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 October 29, 2017 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 quarter 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 financial statements in accordance with IFRS.

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 financial statements in accordance with IFRS 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 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 October 29, 2017, based on the criteria set forth in the "Internal Control – Integrated Framework" issued 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 October 29, 2017.

In the course of evaluating its ICFR as at October 29, 2017, the Executive Team 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 financial statements as the Company relies on certain compensating controls, including periodic review of the financial statements by the Executive Team. This weakness is reported in accordance with National Instrument 52-109 and is considered to be a common area of deficiency for many smaller listed companies in Canada.

FINANCIAL INSTRUMENTS

The main risks arising from the Company's financial instruments are credit risk, liquidity risk, foreign currency risk and interest rate risk. These risks are from exposures that occur in the normal course of business and are managed by the Executive Team. The responsibilities of the Executive Team include the recommendations of policies to manage financial instrument risk.

The overall objective of the Executive Team is to effectively manage credit risk, liquidity risk and other market risks in accordance with the Company's strategy. Other responsibilities of the Executive Team include management of the Company's cash resources and debt funding programs, approval of counter-parties and relevant transaction limits and the monitoring of all significant treasury activities undertaken by the Company.

The Company's significant financial instruments comprise cash, bank indebtedness, finance leases, and long-term-debt. The main purpose of these financial instruments is to finance the Company's growth and ongoing operations. The Company has various other financial assets and liabilities such as accounts receivables and accounts payables, which arise directly from its operations.

The Company enters into contracts involving non-financial items for the purchase of raw materials and packaging supplies. These contracts are held for the purposes of the receipt or delivery of a non-financial item in accordance with the Company's expected usage requirements.

A portion of the Company's purchases are in U.S. dollars. The Company sells less than 1% of its products in U.S. dollars.

The Company uses significant quantities of malt and hops. The Company uses fixed price contracts of less than one year to reduce the exposure to price fluctuations on these commodities. The Company has secured its expected required supply of malt and hops for fiscal 2018 and has entered into fixed price contacts, the balance of which are disclosed in the commitments schedule included in this MD&A.

SHARE CAPITAL

The authorized share capital of the Company consists of an unlimited number of common shares and an unlimited number of preferred shares, issuable in series. As of October 29, 2017 and December 7, 2017, no preferred shares were issued and outstanding.

The Company has granted stock options to certain officers and key employees pursuant to the Company's stock option plan. Options granted under the plan are exercisable for a period of up to five years from the date of grant, at an exercise price equal to the weighted average price at which the Company's shares have traded on the TSX during the five trading days immediately preceding the date of grant, subject to a three year vesting period.

Each stock option outstanding is exercisable for one common share at prices ranging from $1.18 to $3.60.

The total number of common shares and stock options outstanding as of December 7, 2017 is as follows:

Number of shares	Number of options
35,261,659	1,372,331

* EBITDA is a non-IFRS earnings measure, therefore it does not have any standardized meaning prescribed by International Financial Reporting Standards and may not be similar to measures presented by other companies. EBITDA represents earnings before interest, income taxes, depreciation and amortization, gain on disposal of property, plant, and equipment, and share-based payments. 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.

INVESTOR & CONTACT INFORMATION

STOCK EXCHANGE AND LISTED SECURITIES

Brick Brewing Co. Limited is listed on the Toronto Stock Exchange (TSX) under the ticker symbol BRB.

INVESTOR AND ANALYST INQUIRIES

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BOARD OF DIRECTORS

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David R. Shaw
Edward H. Kernaghan
George H. Croft
John H. Bowey
Stan G. Dunford

OFFICERS

George Croft, President and Chief Executive Officer
Russell Tabata, Chief Operating Officer
Sean Byrne, Chief Financial Officer