

Brick Brewing Co. Limited Annual Information Form

For The Year Ended
January 31, 1999

June 11, 1999

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1. Incorporation and Organization

Brick Brewing Co. Limited (the "company") of Waterloo, Ontario was incorporated under the Business Corporations Act (Ontario) by Articles of Incorporation dated February 20, 1984 and became a reporting issuer on December 12, 1986. Since incorporation, the articles have been amended to reflect the following changes:

- June 21, 1984 - change in the number of directors and authorized share capital classes
- July 3, 1984 - change in the number of directors
- May 23, 1985 - changes in authorized share capital classes
- July 4, 1985 - changes in rights, privileges, restrictions and conditions attached to common shares
- September 29, 1986 - change in the number of directors and authorized unlimited number of common shares
- September 30, 1986 - changes in authorized share capital classes
- October 3, 1986 - changes in authorized share capital restrictions

October 7, 1986 - changes in authorized share capital restrictions

December 11, 1986 - amalgamation of Mortar Small Business Development Corporation with Brick Brewing Co. Limited to continue as Brick Brewing Co. Limited

2. Business of the Company

Established in 1984, Brick Brewing Co. Limited was the first microbrewery of its kind to start up in Eastern Canada in recent decades, and is credited as being one of the pioneers of the present day beer renaissance in Canada.

With the use of traditional European brewing procedures, including cold filtration, Brick produces an array of distinctive all-natural beer styles, each designed and targeted to appeal to different taste profiles.

In addition to these brands the company is a licensed brewer in Canada for Henninger Kaiser Pils of Frankfurt, Germany, Andechs of Kloster Andechs Monastery of Bavaria, Germany, and Celis White for Celis Brewery of Austin, Texas as well as for the OV split (6½ ounce) bottle exported to the United States for the Miller Brewing Company on behalf of Molson Breweries.

Brick produces both bottled beer in Formosa and draught in kegs in Waterloo at its two production facilities located in Waterloo and Formosa, Ontario. The company markets primarily in Ontario, with the exception of OV splits, through the facilities of Brewers' Retail outlets, LCBO stores and licensed establishments.

The company has approximately 90 employees. The brewery's administrative and sales offices are located at 181 King St. South, Waterloo, Ontario. The brewery operates production facilities and on-site retail beer stores at the Waterloo location and at the historic Formosa Brewery located in Formosa, Ontario. In Waterloo the company owns a renovated three story brick building, which is approximately 150 years old and totals approximately 30,000 square feet. An additional 28,000 square feet of nearby warehousing and distribution facilities in Kitchener are leased and the company also leases a sales office in Toronto, Ontario. The company owns the Formosa production facility that includes over 25,000 square feet of production and office space on 9.5 acres of land. The company also leases an additional 12,000 square feet of storage in Walkerton, Ontario.

The following information describes the general development of the company over the past five years.

During a five year period, Brick has increased its sales by more than 108%, from \$10.6 million in fiscal 1995 to \$22.1 million for 1999, while the Ontario beer industry fell 1.5%. The increase in sales was achieved through the growing popularity for quality microbrewed beer, gold medals awarded for quality at international competitions, the introduction of additional brands, an emphasis on selling draught to licensed establishments, the contract brewing agreement which started during fiscal 1997 for the Molson Breweries OV split product, the acquisition of the Connors, Laker and Algonquin brand families, including the Formosa Springs Brewery and aquifer.

To support the increased sales volume, primarily through equity and term debt, the company has purchased over \$11 million of fixed assets during the past five years to reduce production costs through

automation and increase production capacity to a total of 220,000 hectolitres per year at both production facilities.

As one of the initiatives to improve its long-term profitability, the company elected to change to the industry standard beer bottle during 1994 and 1995. The company incurred more than \$580,000 of expense related to the write off of its non-industry style bottles over the past five years. Although the non -industry bottles are now being used in another market, as of January 31, 1997, all non-standard bottles and costs related to the conversion to the industry standard bottle have been written off.

Over the years the company has obtained registration in Canada and the United States for the trademarks related to the various products sold and these trademarks have significant value in the marketing of the products developed through ongoing product research and development.

The company produces both bottled beer and draught in kegs with the ratio during the past two years being - bottled 58%, kegged 42% in fiscal 1999 and bottled 62%, kegged 38% during 1998. Sales of the company are seasonal, due to increased consumption during the summer months, with approximate sales revenue percentages by fiscal quarter during 1999 of 24%, 28%, 27% and 21%.

The province of Ontario is the company's prime market with the OV split product being exported to the United States. The beer is marketed in Ontario through the facilities of Brewers' Retail Outlets, Liquor Control Board of Ontario (LCBO), on-site retail stores at both facilities and licensed establishments.

The company's main customer and source of distribution is Brewers' Retail. The Brewers' Retail Outlets, which sell primarily to the home consumer, accounted for 67% in fiscal 1999 and 58% in 1998 of the company's total sales. The LCBO accounted for 9% in fiscal 1999 and 8% in 1998 of the company's total sales

Raw materials required for the production process consist of all natural ingredients - malt, hops, yeast and water, together with filters, cleaning chemicals and packaging materials. All of the materials are readily available from various suppliers within the area and costs are subject to commodity pricing fluctuations for malt and some packaging materials.

The operation of the business is affected very little by environmental protection requirements as the process consists of only natural ingredients except for chemicals used for cleaning which are food grade approved and present no environmental concerns.

The company operates in a competitive industry. Due to changing lifestyles, consumer tastes and habits, total beer consumption in the Ontario market has declined and the trend is expected to continue. Increased competition for market share has resulted in additional domestic and imported brands being introduced, growth in the discount beer segment and large breweries entering the premium beer sector. To ensure that the company remains in the forefront of the industry it has made strategic acquisitions along with contract brewing and licensing arrangements to increase market share and provide products to satisfy each segment of the market. In December 1996, the company purchased the trademarks of Conners Brewery for its premium line of primarily British style ales to complement the Brick portfolio of mainly lager style brands. In February, the Pacific Real Draft trademark and other rights for the Province of Ontario were purchased from Cascadia Brands Inc. Also, in May 1997 the company purchased from Molson Breweries the rights and interest in the Laker family of brands for Canada. As part of the transaction, Molson was issued 1,500,000 common shares of the company, which provides Molson Breweries with approximately 13%, as of January 31, 1999 of the outstanding common shares of the company.

In July 1997, the company completed a purchase of the property, plant, equipment, trademarks and other rights of the Northern Algonquin Brewing Company Limited Partnership, which includes the historic brewery and aquifer of Formosa, Ontario. This major acquisition gives Brick a heritage of new brands as well as another first class brewing facility, doubling our brewing and packaging capacity and allows for other planned volume initiatives.

During fiscal 1999, the company streamlined operations by consolidating our bottling operations to our Formosa location and converting our Waterloo location to draught production. We continue to brew at both locations, but now have the efficiencies of state of the art lines for packaging in Formosa and draught production in Waterloo.

During fiscal 1999, the company underwent significant reorganization. The related costs included restructuring and refocusing our sales effort in brands, markets, and personnel, establishing new marketing networks and consolidation of bottleshop operations to the Formosa location totalling \$1.35 million.

The outlook for fiscal 2000 and beyond is very positive. The company looks forward to generating profitability and cash to further strengthen its financial position and enable the company to begin utilizing the \$7.0 million of income tax loss carry-forward and timing differences which are available to reduce taxable income.

Summary of Financial Information

Five Year Summary **Year Ended January 31**

	1999	1998	1997	1996	1995
	(in thousands of dollars except per share amounts)				
Sales	\$22,066	\$19,923	\$10,195	\$10,181	\$10,619
Net earnings (loss)	(2,188)	694	(722)	(854)	108
Earnings (loss) per share					
Basic	(.19)	.08	(.14)	(.18)	.02
Fully diluted	(.19)	.06	(.14)	(.18)	.02

Year Ended January 31

	1999	1998	1997	1996	1995
Total assets	\$19,790	\$19,835	\$6,528	\$4,546	\$4,991
Total long term debt	4,068	5,794	1,617	1,762	1,277

Summary of Quarterly Results

	1999				1998			
	1st	2nd	3rd	4th	1st	2nd	3rd	4th
	(in thousands of dollars except per share amounts)							
Sales	\$5,360	\$6,177	\$6,016	\$4,513	\$3,425	\$5,274	\$6,195	\$5,029
Net earnings (loss)	14	189	(114)	(2,277)	41	363	499	(209)
Earnings (loss) per share								
Basic	.00	.02	(.01)	(.20)	.01	.03	.07	(.03)
Fully diluted	.00	.02	(.01)	(.20)	.00	.03	.04	(.03)

Dividend Policy

The issued share capital of the company consists solely of common shares and although the dividend policy authorizes the Board of Directors to declare dividends, the company has never paid dividends and no cumulative dividends are owing.

4. Management's Discussion and Analysis

The Management Discussion and Analysis appears on pages 6 to 9 of the company's 1999 Annual Report and is incorporated in its entirety in this annual information form by reference.

5. Market for Securities

The common shares of Brick Brewing Co. Limited are listed and posted for trading on the Toronto Stock Exchange under the trading symbol of BRB.

6. Directors and Officers

The names of the directors and officers of the company, their positions and offices held with company, principal occupations and present municipalities of residence are set forth below:

Wm. G. (Bill) Bourne Toronto, Ontario	COO Director	Chief Operating Officer Brick Brewing Co. Limited	----
James R.A. Brickman Waterloo, Ontario	President, CEO, Director	President, Brick Brewing Co. Limited	February 1984
Ron L. Fowler San Diego, California	Director	President and Chief Executive Officer, Liquid Investments Inc.	September 1996

Thomas W. Gilchrist Toronto, Ontario	Director	President, T.W.Gilchrist Vending Ltd.	July 1984
Walter T. Hogg Avoca, Ireland	Director	Past Senior Vice President Molson Breweries	May 1999
W. Scott Uffelman Waterloo, Ontario	Director	President, Ontario Seed Company Limited	July 1984
Peter N. T. Widdrington London, Ontario	Director	Chairman Laidlaw Inc.	May 1999
Jeffrey P. Botham Cambridge, Ontario	Vice President Secretary	Vice President of Finance Brick Brewing Co. Limited	----
Michael A. Ostner Waterloo, Ontario	Vice President	Vice President of Operations Brick Brewing Co. Limited	----
David P. Ryan Kitchener, Ontario	Vice President	Vice President of Sales Brick Brewing Co. Limited	----

During the past five years, the directors and officers of the company have held their principal occupations mentioned above or have been employed in other capacities by the companies shown opposite their names, with the following exceptions;

- Mr. Bourne, who prior to 1999, was employed by Labatt Brewing Co. Limited
- Mr. Hogg, who prior to 1999, was employed by Molson Breweries
- Mr. Widdrington, has been Chairman of Laidlaw Inc. since August 1990 and is also Chairman of Talisman Energy Inc. since May 1996. Mr. Widdrington was also employed by Cuddy International Corporation as President and CEO from May 1996 until June 1999.
- Mr. Botham, who, prior to 1995, was employed by the Northern Algonquin Brewing Company Limited Partnership.

All of the directors are elected to hold office until the next annual meeting or until their successors are elected.

As of the date of this report the directors and senior officers as a group beneficially owned, directly or indirectly, 24.37% of the common shares.

7. Additional Information

Additional financial information is provided in the company's comparative audited financial statements for the years ended January 31, 1999 and 1998. The company's management information circular, for its most recent annual meeting of shareholders which involved the election of directors, contains additional information relating to directors' and officers' remuneration, principal holders of voting shares and options to purchase shares.

A copy of the above documents may be obtained upon request from the Secretary of the company.