Brick Brewing Co. Limited

Annual Information Form

For the fiscal year ended January 31, 2006

April 27, 2006

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CORPORATE STRUCTURE

Name Address and Incorporation

Brick Brewing Co. Limited (the "Company") was incorporated under the Business Corporations Act (Ontario) by Articles of Incorporation dated February 20, 1984. On December 11, 1986, the Company amalgamated with Mortar Small Business Development Corporation and became a reporting issuer in Ontario on December 12, 1986.

The principal office of the Company is located at 181 King St. South, Waterloo, Ontario N2J 1P7.

In this annual information form, Brick Brewing Co. Limited is referred to as the "Company" or "Brick" and the Company's financial year ended January 31, 2006 is referred to as "fiscal 2006".

GENERAL DEVELOPMENT OF THE BUSINESS

Business Overview

The Company was established in 1984 and is credited as being one of the pioneers of the present craft beer renaissance in Canada.

In 1997 the Company began to grow aggressively with the purchase of the Laker family of brands from Molson Breweries. The additional volume from these brands led the Company to expand its facilities and on July 9, 1997 the Company completed the acquisition of The Northern Algonquin Brewing Company Limited in Formosa, Ontario. The acquisition included the historic Formosa Brewery, established in 1870 and which is located on the natural Formosa Springs aquifer, along with the Algonquin and Formosa brands and trademarks.

On July 20, 2001, the Company sold the Algonquin trademarks to Molson Canada for $3,000,000 in cash and the Company entered into a two year production and distribution agreement with Molson Canada to continue to produce and distribute the Algonquin brands. These brands are no longer produced by the Company.

In 2002 the Company relaunched Red Cap in the classic "stubby" bottle. This historic brand in the retro "stubby" bottle was very well received by the market and sales grew substantially. The success of this initiative helped the Company grow its current business in Ontario and confirmed that it could increase sales if it used a variety of packaging for its products and not exclusively the industry standard bottle. The renewed interest in Red Cap led to the introduction of the brand in Alberta and British Columbia.

In September 2003, the Company undertook a strategy to aggressively compete in the value priced beer category in Ontario with its Laker family of brands. The Company lowered the price of selected Laker brands to the "Social Reference Price", the minimum price allowed by the Government of Ontario. The Company's Laker volumes increased dramatically and this trend has continued through fiscal 2006, despite intense competition at this price level from other brewers.

On December 1, 2003, the Company announced the signing of an agreement with Big Rock Brewery of Calgary, Alberta ("Big Rock"), under which the Company began to sell certain Big Rock draft products in Ontario. As part of a reciprocal arrangement, Big Rock's Alberta sales team began to represent selected Brick products in Alberta.

In April 2004, in order to continue to finance its growing operations, the Company completed a private placement of common shares for net proceeds of approximately $2,200,000. The proceeds were used to repay certain indebtedness and improve the Company's working capital position. Doug Berchtold, an experienced brewing industry executive, invested in this private placement and in May 2004, the Company announced that its founder, Jim Brickman, had been appointed Executive Chairman and that Doug Berchtold had been appointed President and Chief Executive Officer, responsible for all operating activities of the Company.

In May 2004, the Company announced it had entered into a multi-year agreement with Loblaws Inc. ("Loblaw"), whereby it was granted a license to use the PC® trademark to produce, distribute and sell PC® beer in Ontario. In July 2004, the Company announced it would distribute PC® beer products in Quebec. This contract was important because it provided the Company with a sales base to develop its distribution for the first time in the province of Quebec.

In November 2004, to further strengthen its financial position and provide funds for future growth, the Company completed a private placement of units for gross proceeds of $ 5,888,000. The Company issued 3,680,000 units at a price of $1.60 per unit. Each unit consisted of one common share and one-half of one common share purchase warrant. Each whole warrant entitled the holder to purchase one additional common share for a period of 24 months at an exercise price of $2.00. After expenses the net proceeds of the private placement were approximately $5,263,000. The proceeds of the private placement are being used to fund capital expenditures relating to the upgrading of the Company's production facilities, to build its sales, marketing, logistics and distribution infrastructure and to fund other growth opportunities in the Company's business.

In fiscal 2005 the Company successfully increased its sales volumes of beer by approximately 225% over fiscal 2004. The significant increase in volume of the Laker brands, combined with the launch of the PC brands and aggressive promotion of Red Cap, accounted for this increased sales volume. This has brought a number of important benefits to the Company, such as greatly enhanced and more efficient product distribution in Ontario, due to increasing volumes to more retail outlets, improved purchasing power for raw materials and improved economies of scale providing production efficiencies.

In February 2005, the Company acquired 50% of the common shares of Direct Cellars Sales Agency ("Direct Cellars") for $60,000 in cash. Direct Cellars are the sales agents representing the Company's products in Ontario to licensees and Liquor Control Board of Ontario ("LCBO") stores. This acquisition will provide Brick with greater influence over the sales activities of its products to licensees and the LCBO.

In June 2005, the Company announced it had entered into an agreement with High Falls Brewing Co. ("High Falls") of Rochester, New York to import the Laker brands in cans as well as sell the High Falls brands in Ontario.

DESCRIPTION OF THE BUSINESS

The Company produces, sells, markets and distributes bottled and draft premium beer under the Brick and Waterloo brand names, value beer under the Laker brand name and mainstream beer under the Red Cap, Formosa and Red Baron brand names. As well, the Company imports the Laker brands in cans through its agreement with High Falls. 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 also represents and sells products in Ontario for Big Rock Brewery ("Big Rock") of Calgary, Alberta and High Falls.

The Company's products are sold primarily in Ontario, although certain products are available in Alberta, British Columbia and Nova Scotia. Through a sales agency agreement, Big Rock represents and markets certain Brick brands in Alberta and British Columbia. The Company also engages in certain co-packing business, which involves producing and packaging flavoured alcoholic beverages for other customers.

The Company is the largest craft brewer in Ontario and is engaged in the production, selling, marketing and distribution of a variety of specialty-brewed beers. It serves beer consumers in both the on-premise and take home markets, primarily in Ontario. The Company also engages in certain co-pack business, which involves producing and packaging flavoured alcoholic beverages for other customers.

Market Overview

The beer industry in Ontario is a mature market. Per capita consumption of beer has fallen over the years 1994 to 2004. Beer sales in Ontario (in hectolitres) for 1994 and subsequent years are indicated in the following chart:

Year	Draft	Bottles (Packaged)	Cans (Packaged)	Imported	Total Sales
1994	770,387	5,762,262	469,663	249,613	7,251,925
1995	792,131	5,700,249	468,144	311,311	7,271,835
1996	835,869	5,565,029	465,859	319,608	7,186,365
1997	860,241	5,432,586	472,008	366,531	7,131,366
1998	878,527	5,481,525	553,247	497,574	7,410,873
1999	875,986	5,528,899	565,841	558,331	7,529,057
2000	861,541	5,380,511	558,889	680,324	7,481,265
2001	867,459	5,391,314	602,493	788,968	7,650,234
2002	834,131	5,276,633	728,167	975,883	7,814,814
2003	773,937	5,260,254	804,172	1,040,019	7,878,382
2004	713,114	5,222,520	826,512	1,024,324	7,786,470

Source: Brewers Association of Canada

There are a number of factors that have contributed to the fall in per capita consumption, including increased federal and provincial taxes, health concerns, changing consumer tastes and demographics and the general aging of the population.

Market share of the beer industry in Ontario is held primarily by Labatt Breweries of Canada ("Labatt") and Molson Breweries ("Molson"). In 2005, Labatt and Molson had a collective Ontario market share of approximately 80%, Lakeport Beverage Corporation ("Lakeport") held an approximate 7% market share and Sleeman Breweries Ltd. ("Sleeman") held an approximate 5% market share. The Company currently has an approximate 3% market share of the Ontario beer market. The strategy utilized by Labatt and

Molson is to produce and sell beer products that appeal to a broad range of consumers in the market. These beers are produced by Labatt and Molson in large breweries to maintain competitive prices and higher volumes and to achieve greater economies of scale. These brewers generally compete based on advertising and price rather than product attributes such as taste and packaging.

With the Laker and PC® beer brands, the Company offers consumers quality beer at value prices. The value beer category is estimated to now represent approximately 33% of all beer consumed in Ontario. Although growth in the overall beer market is generally flat, value beer consumption in Ontario has continued to increase from approximately 18% to its present 33% market share over the last three years. Management expects this category to continue to grow at a more moderate pace in the future.

In recent years the premium beer category has experienced significant growth and the Company estimates that in 2005 the premium beer category was approximately 15% of the total beer market in Ontario. Growing consumer demand for premium, more full-flavoured beers, compared to the mainstream priced beers, has enabled the premium beer category to achieve this growth despite overall industry consumption trends. Management of the Company expects this growth trend to continue in the future.

Products

Premium Brands

With the use of traditional European brewing procedures, Brick produces an array of distinctive, all natural beer styles carrying the brand names *Brick Amber, Brick Premium Lager, Brick Yellow Label Lager, Red Baron, Waterloo Dark, Conners Best Bitter, Andechs, Brick Bambay* and *Brick Honey Red*. The brewing materials used for these brands are all natural, using the highest quality hops and malt. Volumes of these brands represented approximately 4% of the Company's sales in fiscal 2006.

Mainstream Priced Brands

The Company produces *Red Cap, Formosa Springs Draft* and *Red Baron* that are mainstream priced. In fiscal 2006, sales of these brands increased by 49% over the previous year as a result of new promotional programs. Volumes of these brands represented approximately 8% of the Company's sales in fiscal 2006.

Value Priced Brands

The Company's Laker brand names include *Lager, Light, Red, Strong* and *Ice*. In September 2003, the Company undertook a tactical pricing strategy to promote these brands and the volume growth has been significant. In fiscal 2004 approximately 20% of the Company's total sales volume was value priced brands. With the significant increase in volumes in fiscal 2006, value brands now represent approximately 65% of the Company's sales.

Licensed Brands

In May 2004, the Company entered into a multi-year licensing agreement with Loblaws Inc. to produce, distribute and sell PC® beer in Ontario. The types of beers under license include *Pilsner, Light, Dry, 2.5g (Low Carbohydrate*) and *Honey Red*. These beers offer consumers excellent value. In July 2004, the Company launched these beers into Quebec to be retailed in grocery stores owned, operated or franchised by Provigo, the operating subsidiary of Loblaw in Quebec. In fiscal 2006, approximately 19% of the Company's sales volume was represented by licensed brands.

The rights to the *Red Cap* trademark in Canada are licensed to the Company in an agreement with Molson Canada. Under the terms of the agreement, the Company must maintain certain product specifications and continue the use of the trademark. The agreement has no specified termination date.

The Company brews *Andechs* under a license agreement with Andechs Trading Company, which gives the Company rights to certain Andechs trademarks for the sale of products brewed within certain specifications in both the USA and Canada.

Co-packed Products

The Company sometimes co-packs various alcoholic coolers for different customers. In the past, co-pack business was undertaken to utilize unused capacity in the Company's facilities but with the significant increase in the Company's higher margined beer volumes, the Company's reliance on co-pack volumes has been dramatically reduced.

Brand Representation

In December 2003, the Company began to sell draft beer products for Big Rock selling these products in Ontario directly to licensees. This business has provided wider coverage for the sale of the Company's other products to restaurants and bars in Ontario. In September 2004, the Company entered into a sales agreement with Big Rock to represent Big Rock's bottled brands in Ontario. This agreement provides Brick with commission revenue for providing certain sales and marketing capabilities for these Big Rock brands.

Pricing

The Company markets its premium products at prices that are higher than the large domestic brewers' mainstream brands. This allows the Company to recapture the higher costs of ingredients and processing that are involved in producing its various premium brands, as well as allowing the Company to distinguish its premium products from the mass-produced brands. The Company's premium brands are generally sold at prices which are up to 5% higher than the large domestic brewers' mainstream brands.

The Company's mainstream brands are priced 5% to 15% below the large domestic brewers' mainstream brands and at various times are aggressively price promoted to 25% below mainstream brand prices.

The Company's Laker brands are currently being sold at prices approximately 25% to 30% below mainstream brands and approximately 10% below other value brands. This pricing strategy has allowed the Company to grow Laker brand sales at the expense of other value brand competitors and at the expense of competitors' mainstream and domestic brands, without reducing sales of the premium priced Brick brands.

In Ontario, the provincial government regulates the minimum price at which beer can be sold. In October 2005 this minimum price was increased from $23.70 to $26.40 per case of 24 bottles plus deposit. This regulation prevents artificially low prices in the beer industry. Laker brands are generally priced at or close to this minimum price to ensure that they represent the best possible value for the consumer. As a result of this regulated minimum price, competitors' pricing cannot be reduced below Laker brand pricing.

Packaging

A significant strategic element of the Company's marketing plan for its products is its distinctive packaging. In the case of its premium brands and the PC brand portfolio, the Company uses a clear, long-necked bottle. In the case of the Red Cap brand the Company uses the classic "stubby" bottle. The Company chose not to be restricted to the brown, long-necked industry standard bottle and has invested heavily in the development and maintenance of non-standard bottles. In order to preserve its ability to use these other bottles, it pays the required supplemental fees to The Beer Store ("TBS") that are associated with the sorting of these bottles.

The design and labelling of the Brick bottles, as well as the design of the packaging and promotional material used to support the Company's marketing activities, represent the Company's first point of contact with the consumer. These marketing elements are designed to reinforce the image of the Brick brands as premium, unique tasting enjoyable products. The Company has invested and continues to invest substantial resources in the design, development and protection of the packaging, designs and artwork associated with its products.

The Company's premium brands are available in cartons of 6 and 12 bottles in addition to 20 and 58 litre kegs. The Laker brands are available in cartons of 6 and 24 bottles and the mainstream brands are available in cartons of 12, 15 and 28 bottles.

Trade-marks

The Company has obtained Canadian trade-mark registrations in respect of its key trade-marks and has actively enforced its rights in this regard. The Brick, Conners, Formosa and Laker names and trademarks have significant value and continue to be prominent in the marketing of the Company's products. The Company is also seeking to secure certain trade-mark rights in the United States.

The Company has obtained, or is in the process of obtaining, Canadian trade-mark registrations in respect of certain of its Brick brands, including *Brick Premium Lager, Amber Dry, Red Baron*, *Waterloo Dark* and *Brick Bambay*.

The Company has obtained Canadian trade-mark registrations in respect of certain of its Formosa brands, including *Formosa Springs Cold Filtered Draft*.

The Red Cap name and trade-mark registrations are licensed to the Company in Canada and the Company owns pending Red Cap trade-mark applications in the United States.

The Company regards all of its trade-marks as having substantial value. The Company's policy is to pursue registration of its trademarks whenever appropriate and to vigorously oppose any infringement of its trademark rights.

Distribution

In Ontario, consumers can purchase beer only at retail outlets operated by TBS, which is owned by the Company's three largest competitors, Molson, Labatt and Sleeman, government owned retail outlets operated by the LCBO, retail stores at breweries or at any bar, restaurant or tavern licensed by the LCBO to sell liquor for on-premise consumption. The Company delivers its products to selected TBS stores and to central TBS warehouses and these products are then distributed to TBS and LCBO retail outlets. The Company directly distributes its products to licensed establishments. In fiscal 2006, approximately 78%

of the Company's sales volumes in Ontario were directly or indirectly through the TBS channel, 7% through the LCBO and 15% via direct delivery.

In the summer of 2004, the Company began to produce and distribute PC® beer for the Quebec market. Consumers can only purchase the beer products at grocery stores owned, operated or franchised by Provigo, the operating subsidiary of Loblaw in Quebec. The Quebec market represented approximately 5% of the Company's total volume in fiscal 2006.

Sales and Marketing

The Company expends resources to attract and sell to premium beer consumers. An important aspect of marketing in this industry is the mix of product and packaging styles which a producer offers to its intended consumer. In this regard, the Company is not a signatory to the industry standard bottle agreement, signed by most other Ontario brewers, which gives the Company flexibility in the bottle styles it selects for its products. The Company continues to provide a variety of bottles to consumers, including a clear flint longneck bottle and the historic "stubby" bottle. The Company engages in test marketing activities in respect of all new product offerings through regional sampling and promotional events undertaken prior to the launch of any new product.

The Company's Laker value brands were heavily promoted in fiscal 2006 to increase consumer awareness of them. Typically these brands are not as heavily advertised and promoted as premium brands, as price is generally the motivation to purchase. The products are generally priced at or close to the minimum government regulated price of $26.40 per case of 24 bottles including deposit. These products are packaged and bottled in the industry standard bottle and sold to home consumers. In fiscal 2007, the Company will continue to focus its advertising to maintain awareness of the Laker brands. Laker brands are available in Ontario through TBS and LCBO outlets.

Brick branded products are marketed through a variety of means to increase Brick's market presence and its exposure to consumers, including advertising (in the form of print, outdoor and radio media directed at the take home consumer market, which emphasizes the Brick brand name, product attributes and the personality of Jim Brickman), together with sponsorship of local events (including sporting, community and charitable events) and point of sale displays (such as tap handles, coasters, banners, posters and consumer items such as T-shirts).

The Company operates a retail beer store at each of its Waterloo and Formosa breweries which also sell Brick clothing and other promotional items and conducts brewery tours. The main objective of the Company's marketing and sales efforts is the development of brand recognition and consumer preference for Brick branded products and to foster and maintain the Company's image as a producer of premium beers, its primary focus.

Suppliers

The Company obtains the ingredients used in its products and the packaging for its products from a variety of different sources. The Company has not historically had any difficulty in securing an adequate supply of ingredients or packaging for its products. The Company has very limited sources of glass bottles. The risk of glass bottle disruptions has increased with the reduction of supply alternatives due to the recent consolidation of the glass bottle manufacturing industry. The Company is working on plans to ensure alternate suppliers continue to be available for glass bottles.

Seasonality

The Company's revenues are generally seasonal and the second quarter, which covers the summer months, has historically been the strongest quarter for the Company, representing approximately 34% of total revenues in fiscal 2006, followed by the third quarter (approximately 27% of total revenues in fiscal 2006) which covers late summer and fall. The first and fourth quarters usually see a reduction in revenues as beer consumption is lower in the cooler winter months.

Value priced brands have shown trends that are not as seasonal in nature as premium brands. With the recent significant growth of the Laker value brands, management anticipates that the Company's revenues will have less seasonal fluctuation than in previous years.

Research and Product Development

The Company regularly conducts research aimed at identifying new products which meet emergent consumer trends. The expenses associated with this research have historically not been material.

Environmental Matters

The Company's brewery operations are subject to applicable provincial environmental laws and regulations, and local by-laws and permit requirements regarding, among other things, air emissions, water discharges and waste handling and disposal. Management of the Company believes that it is currently in compliance with all applicable environmental laws and regulations. The Company has reached an agreement with the Region of Waterloo regarding waste water discharges for its Waterloo facility and pays certain surcharges on its waste water discharge. The Company removes all waste water discharges from its Formosa facility and disposes of that waste water to various local municipalities. The Company currently pays surcharges to treat waste water discharge from both facilities in excess of $1,000,000 annually. On March 22, 2005, the Company entered into an agreement with The Corporation of the Town of North Perth for the treatment of waste water discharges from the Formosa brewery. The agreement expires on March 22, 2015.

Competition

The Company currently competes primarily in Ontario. This market is mature and very competitive with over 100 different brands of beer available to consumers. Molson and Labatt dominate the overall industry with a combined market share in 2005 of approximately 80%, followed by Sleeman and Lakeport at approximately 12%. In the premium beer category, products typically sell for prices at least 5% higher than regular or mainstream brands. This category includes other premium brewers, brewers of higher priced imported brands and premium priced products of the larger domestic breweries. Competition within the premium category is based on product quality, packaging, taste, advertising and promotional support, brand recognition and price. The Company believes that its primary competitors operating in this category include other premium brewers such as Sleeman and Creemore Springs Brewery Limited and the Keith's brand from Labatt, as well as premium imported brands, including Heineken, Corona, Becks and Stella Artois.

In response to the rapid growth of the premium beer category, the larger domestic brewers in Canada have introduced "craft like" beer brands and are expected to focus more attention on the import and premium beer categories in the future. The Company expects that the large domestic brewers, with their significant financial resources and established distribution networks, will seek greater participation in the continuing growth of the premium beer category. Although an increase in the participation of the large domestic brewers in this market category will likely increase competition for market share and affect price sensitivity, the Company believes that the large domestic brewers' participation will also tend to increase advertising, distribution and consumer awareness of premium beer and thus contribute to further growth of the category.

In Ontario, the value priced category has increased from approximately 18% to approximately 33% of all beer sold in the last two years. This recent growth can be attributed to aggressive pricing activity by different brewers to bring the price of their value brands to close to the Ontario minimum price for beer of $26.40 per case of 24 bottles including deposit. The Laker portfolio of brands has grown to represent approximately 10% of the value priced category in Ontario. The Company's principal competition in the value priced beer category includes the Wildcat, Lucky and Busch brands produced or imported by Labatt, the Carling, Pilsner, Milwaukee's Best and Bohemian brands produced or imported by Molson, the Stroh and Old Milwaukee brands produced by Sleeman and various brands produced by Lakeport. Although large domestic brewers are competing in the value category, they will be cautious to promote these brands too aggressively since doing so would take market share away from their relatively higher priced, higher margin mainstream and premium brands.

REGULATION

General

In Canada, the provincial governments regulate the production, marketing, distribution and pricing of beer and impose commodity taxes and license fees in relation to the production and sale of beer. In addition, the federal government regulates the production, advertising, labelling, quality control and international trade of beer, and also imposes commodity taxes, consumption taxes, excise taxes and, in certain instances, custom duties. As well, certain bilateral and multilateral treaties that have been entered into by the federal government, provincial governments and certain foreign governments, especially the government of the United States, affect the Canadian beer industry.

Government Regulation

The social policy objectives of the Ontario government have impacted the policies adopted by beer regulators. The Government of Ontario has a high degree of involvement in the regulation of the beer industry, particularly the regulation of the pricing, sale and distribution of beer.

In Ontario, beer manufacturers primarily distribute their products through TBS outlets; government owned and operated LCBO outlets, independent licensed retail outlets at breweries and licensed bars and restaurants.

The pricing of beer is affected by the imposition of provincial and federal taxes, fees and levies. The impact of these various commodity and sales taxes, fees and levies make up approximately 50% of the retail price of beer.

In Ontario, the sale of beer is regulated by the provincial government through the Alcohol and Gaming Commission of Ontario under the Liquor Control Act and the Liquor License Act. The LCBO has been established under the Liquor Control Act to regulate the sale of liquor in Ontario. Under the provisions of the Liquor License Act, manufacturers of beer are subject to certain licensing requirements and are required to pay fees to the provincial government based upon the amount of beer shipped for sale or distribution in Ontario.

In an effort to provide jobs and grow a competitive brewing industry, the Government of Ontario provides small brewers with reduced taxes. In May 2003, the province significantly reduced taxes for brewers with annual volumes (trailing five year average) under 150,000 hectolitres. Below the 150,000 hectolitre threshold, small brewers' average tax rates are reduced by approximately $16 per hectolitre. Management believes that despite the Company's recent growth it will be entitled to the tax rates for small brewers for the current fiscal year ending January 31, 2007.

FACILITIES

The Company operates two brewing facilities which are located in Waterloo, Ontario and Formosa, Ontario. In addition, the Company has warehousing and packaging facilities in Kitchener, Ontario and Laval, Quebec. The facilities in Waterloo and Formosa are located on premises which are owned by the Company. The facilities in Kitchener and Laval are located on leased premises.

The Company's facility in Waterloo is located on one acre of land at 181 King St. South. The 130 year old renovated three story brick building is approximately 35,000 square feet in size. This facility currently has an annual brewing capacity of 175,000 hectolitres, after a 55,000 hectolitre expansion in 2005. The Company's administrative offices and on-site retail store are located in this facility. The Company currently transports all beer produced in this facility to its bottling line in Formosa.

The Company's facility in Formosa is located on nine acres of land at 1 Old Brewery Lane and the Company has an option to purchase an additional 8.5 acres adjacent to the property. The 35,000 square foot building sits on top of a large natural spring aquifer. The spring water is used in the brewery, which has an annual brewing capacity of 175,000 hectolitres after an expansion of 75,000 hectolitres which is scheduled to be completed in May 2006. The Company has a bottling line in Formosa which can produce up to 240,000 hectolitres annually. The Company also operates an on-site retail store at this facility.

In October 2005 the Company moved into its facility in Kitchener. The 103,000 square feet building is leased and the lease provides the Company with a 10 year term, provisions for expansion and future purchase options. The Company has centralized its warehousing and delivery operations within this facility and is commissioning a new packaging line capable of packaging an additional 400,000 hectolitres annually when the line is fully commissioned during 2006.

The Company leases its warehouse in Laval, Quebec. The facility is 8,600 square feet and the lease expires on April 30, 2007.

EMPLOYEES

As at January 31, 2006, the Company had approximately 150 employees. No employees in the Company are unionized or subject to any collective bargaining agreements. Since inception, the Company has not suffered any disruptions to production as a result of labour problems or employee disputes.

RISK FACTORS

Dependence on TBS

In fiscal 2006, 60% of all of the Company's sales were sold directly or indirectly through the TBS distribution network. Accordingly, the Company relies extensively on TBS for distribution of its products. TBS is owned by the Company's three largest competitors, Molson, Labatt and Sleeman. As a result, the Company may be adversely affected by policies adopted by TBS or the Government of Ontario related to the sale, merchandising or distribution of beer and/or by any disruption of TBS service.

Government Regulation

The Company's business is regulated by federal, provincial and local laws and regulations regarding such matters as licensing requirements, trade and pricing practices, permitted and required labelling, advertising, promotion and marketing practices, relationships with distributors and related matters. Failure on the part of the Company to comply with federal, provincial or local laws and regulations could result in the loss, revocation or suspension of the Company's licenses, permits or approvals and accordingly could have a material adverse effect on the Company's business. The Company believes it has obtained all regulatory permits and licenses necessary to operate its business. In addition, changes to taxes (including the tax rates applicable to small brewers), environmental regulations or any other laws or regulations which affect the Company's products or their production, handling or distribution could have a material adverse effect on the Company's operating results.

Competition

The Company considers its main competitors to be other participants in the Canadian brewing industry, which includes imported beer and specialty and value priced brands brewed by both small regional brewers and the national brewers. National brewers are aggressively promoting their own specialty and value brands as well as premium brands. The Company also anticipates increasing competition as new brewers enter the market.

In the premium beer category, the principal competitive factors affecting the market for the Company's products include quality and taste, packaging, advertising and promotional support, brand recognition and price. There can be no assurance that the Company will be able to compete successfully in this category against current and future competitors based on these and other factors. The Company competes with a variety of domestic and international brewers, many of whom have substantially greater financial, production and marketing resources. The Company anticipates increased competition in the premium beer category from the major domestic brewers and imported brands.

The Company has recently developed a strong market position in the value beer category with its Laker brands. This fast growing category in the Ontario beer market is currently estimated at approximately 33% of beer sales by volume. The Company's principal competition in the value priced beer category are Sleeman's Stroh and Old Milwaukee brands, Labatt's Wildcat, Lucky and Busch beers, Molson's Carling, Pilsner, Bohemian and Milwaukee's Best beers and Lakeport's brands.

Access to Bottles

In 1993, TBS introduced an industry standard bottle intended to be utilized by all brewers whose beers are distributed through TBS and adopted a policy of imposing a sorting charge which at present is approximately $12 per hectolitre (depending on the size of the bottle) for all brewers who do not elect to use the industry standard bottle. The Company is subject to these sorting fees for all returnable bottles not in the industry standard bottle. The Company regards its array of bottles for its various brands as an integral part of its marketing strategy and has no intention of converting all brands to the industry standard bottle. Accordingly, the Company will continue to pay these sorting fees.

In 2002, TBS took steps to attempt to deny the Company access to the industry standard bottle if it continued to use the "stubby" bottle for some brands. TBS alleged that the Company had signed an agreement expressly committing the Company to use only the industry standard bottle for all its brands. The Company has signed no such agreement. In order to protect its rights to use the industry standard bottle and other non-standard bottles, the Company had to initiate legal action against TBS. The Company was successful in obtaining an interlocutory injunction against TBS in February 2003. This means that pending the resolution of its lawsuit against TBS, the Company will continue to have access to the industry standard bottle float. The Company's lawsuit seeks, among other things, a permanent injunction to allow the Company to continue to offer products to consumers in a variety of bottles as well as the industry standard bottle. Examinations for discovery have been completed and the matter has been set down for trial. No court date has been set for a hearing of the matter. Any court decision adverse to the Company in these legal proceedings may negatively impact the Company's bottle and packaging strategies.

The Company has very limited sources of glass bottles. The risk of glass bottle disruptions has increased with the reduction of supply alternatives due to the recent consolidation of the glass bottle manufacturing industry. While the Company has not historically had any difficulty in securing an adequate supply of bottles for its products, there can be no assurance that the Company's glass bottle supplies will not be disrupted.

Trends in Consumer Preferences and Attitudes

The premium beer category has grown dramatically over the past decade. The Company believes that one factor in such growth has been consumer demand for more full flavoured beer in a wider variety of styles. No assurance can be given however that consumer demand for these products will continue in the future. The Company's success also depends upon a number of factors related to the level of discretionary consumer spending, such as the general state of the economy, tax laws and consumer confidence in future economic conditions. In recent years there has been an increase in the level of health consciousness and considerable debate has occurred concerning alcohol-related social problems, such as alcoholism, drunk driving and fetal alcohol syndrome. In addition, a number of anti-alcohol groups are advocating increased governmental action which may be unfavourable to the beer industry.

Operating Hazards

The Company's operations are subject to certain hazards and liability risks faced by all brewers, such as potential contamination of ingredients or products and equipment defects. While the Company has not experienced a contamination problem in its products, the occurrence of such a problem could result in a costly product recall and serious damage to the Company's reputation for product quality. The Company has also not experienced a major equipment defect that had a major impact on product quality or supply. Although the Company maintains insurance against certain risks under various general liability and product liability policies, there can be no assurance that the Company's insurance will be adequate or that claims resulting from such incidents will be accepted as filed.

DIVIDENDS

The issued share capital of the Company consists solely of common shares and although the dividend policy authorizes the board of directors of the Company (the "Board") to declare dividends, the Company has never paid dividends and no cumulative dividends are outstanding. The current policy of the Company is not to pay dividends. The Board reviews this policy from time to time in the context of the Company's earnings, financial condition and other relevant factors. Future payments of dividends are subject to the approval of the Company's lenders.

DESCRIPTION OF CAPITAL STRUCTURE

Brick's authorized share capital consists of an unlimited number of common shares. Each common share entitles the holder thereof to one vote at any meeting of the shareholders of Brick; to receive, as and when declared by the Board, dividends in such amounts as shall be determined by the Board; and to receive the remaining property of Brick in the event of the liquidation, dissolution or winding-up of the Company.

MARKET FOR SECURITIES

The common shares of Brick are listed and posted for trading on the Toronto Stock Exchange (the "TSX") under the trading symbol of BRB.

Trading and Price Range

The following table presents the monthly price range per share and trading volume for the common shares of Brick on the TSX during fiscal 2006.

Period	High ($)	Low ($)	Volume
February 2005	2.45	2.25	437,259
March	2.22	2.00	963,236
April	2.35	2.24	290,752
May	2.34	2.05	424,500
June	2.25	2.15	447,542
July	2.51	2.17	788,400
August	2.40	2.30	488,322
September	2.50	2.30	466,946
October	2.37	2.20	624,231
November	2.48	2.25	325,119
December	2.39	2.21	322,894
January 2006	2.29	2.15	356,246

DIRECTORS AND OFFICERS

Name, Address, Position and Occupation

As at the date hereof, the name, municipality of residence, position with the Company and principal occupations of each of the directors and executive officers of the Company, and the period during which each director has served on the Board, are as follows:

Name and Residence	Position with Brick (Board Committees)	Present Principal Occupation	Year first became a Director
Doug Berchtold Ontario, Canada	Director, President and Chief Executive Officer (2)	President and Chief Executive Officer of Brick	2004
James R.A. Brickman Ontario, Canada	Director, Executive Chairman & Founder (2),(3)	Executive Chairman of Brick	1984
Ron L. Fowler California, USA	Director (1),(2),(5)	Chairman and CEO of Liquid Investments, Inc. (private holding company)	1996
Thomas W. Gilchrist Ontario, Canada	Director (3)	President of T.W. Gilchrist Vending Ltd. (vending machine distributor)	1984
Walter T. Hogg Ontario, Canada	Director (2),(3),(4)	Consultant	1999
Edward H. Kernaghan Ontario, Canada	Director (1),(4),(5)	Executive Vice President of Kernwood Limited (private investment company)	2004
W. Scott Uffelman Ontario, Canada	Director (1),(4),(5)	President of Ontario Seed Company Limited (seed manufacturer and wholesaler/retailer of hardware)	1984

Name and Residence	Position with Brick (Board Committees)	Present Principal Occupation	Year first became a Director
Michael Baumken Ontario, Canada	Vice President Operations	Vice President Operations of Brick	N/A
Kevin Meens Ontario, Canada	Vice President Corporate Development	Vice President Corporate Development of Brick	N/A
Graydon Moore Ontario, Canada	Chief Financial Officer & Secretary	Chief Financial Officer of Brick	N/A
Norman Pickering Ontario, Canada	Vice President Marketing	Vice President Marketing of Brick	N/A
Craig Prentice Ontario, Canada	Vice President Sales	Vice President Sales of Brick	N/A

Prior Principal Occupations

The principal occupations of the directors and executive officers of Brick who have not held their present principal occupations for more than five years are described below.

Doug Berchtold has been President and Chief Executive Officer of the Company since May 2004, prior to which he was Chief Financial Officer of Sleeman from 1989 to 1996, President & Chief Operating Officer of Sleeman from 1996 to 2002 and a consultant from 2002 to 2004. Doug currently sits on the board of Bird Packaging Limited.

James R.A. Brickman, the founder of Brick, was President and Chief Executive Officer of the Company from February 1984 to May 2004.

Edward H. Kernaghan has been President of Principia Research Inc. since October 2000, and has been employed in various positions with Kernaghan Securities Limited since 1997, and prior to that, Thomson Kernaghan Ltd. in 1997. Ed currently sits on the board of Collicut Energy Services Ltd., which is traded on the TSX under the symbol COH.

Mike Baumken joined the Company in 2001 as Vice President Operations. Prior to joining the Company, Mike was National Director of Logistics at Molson Canada from 1996 to 2001.

Kevin Meens joined the Company in 2002 as Vice President Marketing. Prior to joining the Company, Kevin was one of the early stakeholders and Executive Vice President of Sleeman.

Craig Prentice joined the Company in 2001 as Vice President Sales. Prior to joining the Company, Craig was with Molson Inc. for 23 years, which included the role of Senior Vice President and General Manager, Ontario.

Graydon Moore joined the Company in 2003 as Chief Financial Officer & Secretary. Prior to joining the Company, Graydon had extensive experience in the automotive industry, most recently with Maxtech Manufacturing Inc. from 1995 to 2003 as Chief Financial Officer.

Norm Pickering joined the Company in 2004 as Vice President Marketing. Prior to joining the Company, Norm was the Director of Marketing for SAB Miller's European import brands in Canada. From 1996 to 2002, Norm held several senior level marketing positions with Stroh Canada and Sleeman.

Board Committees

The Board has five standing committees: the Audit Committee, the Executive Committee, the Nominating Committee, the Corporate Governance Committee and the Compensation Committee. The members of each committee are as indicated in the above table:

(1) Member of the Audit Committee

(2) Member of the Executive Committee

(3) Member of the Nominating Committee

(4) Member of the Corporate Governance Committee

(5) Member of the Compensation Committee

Term of Office

The by-laws of the Company provide that directors shall be elected at each annual general meeting of the shareholders and will serve until the next annual general meeting of shareholders or until their successors are elected or appointed in accordance with the by-laws.

Voting Securities

As at the date hereof, the directors and executive officers of the Company as a group, beneficially own, directly or indirectly, or exercise control or direction over, approximately 7,766,748 common shares of the Company, being approximately 40.2% of the outstanding common shares of the Company.

LEGAL PROCEEDINGS

The Company commenced an action against TBS on October 28, 2002 in the Ontario Superior Court of Justice to seek to compel TBS to comply with its contractual obligations under Brick's user agreement with TBS. As part of the proceedings, Brick sought an interlocutory injunction against TBS as a result of TBS threatening Brick that it would no longer release to Brick its share of empty industry standard bottles for re-use. The Company was successful in obtaining the interlocutory injunction in February 2003. The lawsuit seeks, among other things, a permanent injunction to allow the Company to continue to offer products to consumers in a variety of bottles as well as the industry standard bottle. Examinations for discovery have been completed and the matter has been set down for trial. No court date has been set for a hearing of the matter.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

During the year, rental charges amounting to approximately $188,810 relating to a warehouse in Kitchener that was leased until September 2005 by the Company were made to a company controlled by Scott Uffelman, a director of the Company. During the year, the Company paid approximately $50,000 for services to a company controlled by Jim Brickman, the Executive Chairman. During the year, an account receivable in the aggregate of $224,000 for advances previously made to Jim Brickman, and a company controlled by Jim Brickman, was paid.

TRANSFER AGENT AND REGISTRAR

Brick's transfer agent and registrar for its common shares and warrants is Computershare Trust Company of Canada in Toronto, Ontario.

AUDIT COMMITTEE INFORMATION

Audit Committee Charter

The responsibilities and duties of the Audit Committee of Brick are set out in the Audit Committee's charter, the text of which is set forth in Appendix A to this annual information form.

Composition of the Audit Committee

Each of the members of the Audit Committee has been determined by the Board to be "independent" and "financially literate". Each member of the Audit Committee has the ability to perform his responsibilities as an Audit Committee member based on his education and/or experience as summarized below.

Ron Fowler has over 30 years of business experience as owner Chairman and CEO of Liquid Investments, Inc., a holding company that owns several large beverage distribution entities in California and Colorado. Mr. Fowler has been a member of the Board since 1996 and has extensive financial management experience.

Scott Uffelman has over 30 years experience as owner and President of Ontario Seed Company Limited. Mr. Uffelman has been a member of the Board since 1984 and has extensive financial management experience. He also has a Bachelor degree in Economics and Business Administration.

Edward Kernaghan has been a member of the Board since 2004. Mr. Kernaghan is Executive Vice President of Kernaghan Securities Ltd, a member of the IDA. He is also President of Principia Research Inc. a private investment company. Mr. Kernaghan has a Chartered Financial Planner designation offered by the Canadian Securities Institute. Mr. Kernaghan is also a director of Collicutt Energy Services and is a member of their Compensation Committee.

There has not been an instance where non-audit services were not pre-approved by the Audit Committee.

Since February 1, 2005, there has not been an instance where the Board did not adopt a recommendation by the Audit Committee to nominate or compensate an external auditor.

Pre-approval of Non-audit Services

The Audit Committee has adopted a pre-approval policy for services provided by its auditor ("Pre-approval Policy"). Pursuant to the Pre-approval Policy, subject to exception as described below, all services provided by the auditor to the Company must be pre-approved by the Audit Committee.

The Audit Committee may pre-approve non-audit services that it believes would not impair the independence of the auditor. The Pre-approval Policy lists certain services that have already been pre-approved by the Audit Committee, including audit related services, tax services and other additional services. This list may be amended by the Audit Committee from time to time. Any service that is not listed in the Pre-approval Policy as a pre-approved service must be approved by the Audit Committee.

The Audit Committee may delegate its pre-approval authority to the Chair of the Audit Committee if the services are less than $10,000. The Chair is then required to report any pre-approval decisions that he makes to the Audit Committee at its next scheduled meeting.

The Pre-approval Policy lists the types of non-audit services that are deemed to be inconsistent with an auditor's independence ("Prohibited Services"). The Pre-approval Policy identifies ten types of Prohibited Services that the Auditor may not provide: bookkeeping or other services related to the accounting records or financial statements, financial information systems design and implementation, appraisal or valuation services for financial reporting purposes, actuarial services for items recorded in the financial statements, internal audit outsourcing services, management functions, human resources, certain corporate finance and other services and certain expert services unrelated to the audit.

External Auditor Service Fees

The following table sets forth the fees paid to KPMG LLP, the Company's external auditor, for services rendered for the fiscal years 2005 and 2006:

Description of Fees		2006 ($)	2005 ($)
1.	Audit fees..	45,500	41,500
2.	Audit-related fees	2,500	4,100
3.	Tax fees	3,500	3,500
4.	All other fees	4,500	4,020
	TOTAL	56,000	53,120

Notes:

1. "Audit Fees" include the aggregate professional fees paid to KPMG LLP, for the audit of the annual financial statements and other regulatory audits and filings.
2. "Audit-related fees" include the aggregate fees paid to KPMG LLP, for the provision of technical, accounting and financial reporting advice services.
3. "Tax fees" include the aggregate fees paid to KPMG LLP, for the provision of corporate tax compliance, tax planning and other tax services.
4. "All other fees" include the aggregate fees paid to KPMG LLP, for the provision of assistance with regulatory filings including compliance with legislative and regulatory initiatives.

FORWARD-LOOKING STATEMENTS

This annual information form contains certain "forward-looking statements" reflecting management's current expectations. Undue reliance should not be placed on these forward-looking statements which reflect the Company's views as of April 27, 2006 with respect to future events and are subject to certain risks, uncertainties and assumptions, which may cause actual performance and financial results to differ materially from such forward-looking statements. Forward-looking statements may be identified by the use of words such as "believes", "intends", "expects", "may", "will", "should", or "anticipates", or other negative equivalents of those words or comparable terminology, and by discussions of strategies that involve risks and uncertainties. The material factors and assumptions on which the forward-looking statements are based include: no significant changes in consumer preferences, increased competitive activity from other brewers, continued reduced production tax rates for microbreweries for fiscal 2007, no significant change to the regulatory environment in which the Company operates and no significant supply and quality control issues with vendors. The actual events or results may differ materially from those expressed or implied by forward-looking statements, as a result of many factors including but not limited to the beer industry competitiveness and pricing environment and the economic and political environments (see “Risk Factors”). The Company disclaims any intention or obligation to update or revise any forward-looking statements as a result of new information, future events or otherwise.

ADDITIONAL INFORMATION

Additional information concerning the Company, including directors’ and officers’ remuneration and indebtedness, principal holders of the Company’s securities and securities authorized for issuance under equity compensation plans, will be contained in the Company’s Management Information Circular for its annual meeting of shareholders to be held on June 15, 2006. Additional financial information is provided in the Company’s comparative financial statements and management discussion and analysis for the year ended January 31, 2006. Copies of such documents and the AIF may be obtained upon request from the Secretary of the Company.

All requests for additional information should be made to the Secretary at the principal office of the Company at 181 King St. S., Waterloo, Ontario N2J 1P7.

Additional information concerning the Company, including the materials listed in the preceding paragraphs, may be found on SEDAR at www.sedar.com.

APPENDIX A
AUDIT COMMITTEE MANDATE AND CHARTER
BRICK BREWING CO. LIMITED

I The Board of Directors' Mandate for the Audit Committee

1. ***The Board of Directors*** ("Board") bears responsibility for the stewardship of Brick Brewing Co. Limited (the "Corporation"). To discharge that responsibility, the Board is obligated by the Ontario Business Corporations Act to supervise the management of the business and affairs of the Corporation. The Board's supervisory function involves Board oversight or monitoring of all significant aspects of the management of the Corporation's business and affairs.

Financial reporting and disclosure by the Corporation constitute a significant aspect of the management of the Corporation's business and affairs. The objective of the Board's monitoring of the Corporation's financial reporting and disclosure (the "Financial Reporting Objective") is to gain reasonable assurance of the following:

a) that the Corporation complies with all applicable laws, regulations, rules, policies and other requirements of governments, regulatory agencies and stock exchanges relating to financial reporting and disclosure;

b) that the accounting principles, significant judgments and disclosures which underlie or are incorporated in the Corporation's financial statements are the most appropriate in the prevailing circumstances;

c) that the Corporation's quarterly and annual financial statements are accurate and present fairly the Corporation's financial position and performance in accordance with generally accepted accounting principles (“GAAP”); and

d) that appropriate information concerning the financial position and performance of the Corporation is disseminated to the public in a timely manner.

The Board is of the view that the Financial Reporting Objective cannot be reliably met unless the following activities (the "Fundamental Activities") are conducted effectively:

a) the Corporation's accounting functions are performed in accordance with a system of internal financial controls designed to capture and record properly and accurately all of the Corporation's financial transactions;

b) the Corporation's internal financial controls are regularly assessed for effectiveness and efficiency;

c) the Corporation's quarterly and annual financial statements are properly prepared by management;

d) the Corporation's annual financial statements are reported on by an external auditor appointed by the shareholders of the Corporation; and

e) the financial components of the Corporation's Disclosure Policy are complied with by management and the Board.

To assist the Board in it's monitoring of the Corporation's financial reporting and disclosure, the Board has established, and hereby continues the existence of, a committee of the Board known as the Audit Committee (the "Committee"). The Committee shall develop and present to the Board for the Board's approval a Charter which, among other things, will describe the activities in which the Committee will engage for the purpose of gaining reasonable assurance that the Fundamental Activities are being conducted effectively and that the Financial Reporting Objective is being met.

2. Composition of Committee

a) The Committee shall be appointed annually by the Board and consist of at least three (3) members from among the directors of the Corporation, each of whom shall be independent as required by applicable securities legislation and stock exchange regulations and free from any direct or indirect relationship that, in the opinion of the Board, could reasonably interfere with the exercise of his or her independent judgment as a member of the Committee. Officers of the Corporation, including the Chairman of the Board, may not serve as members of the Audit Committee.

b) The Board shall appoint the Chairman of the Committee.

3. Reliance on Experts

In contributing to the Committee's discharging of its duties under this mandate, each member of the Committee shall be entitled to rely in good faith upon:

a) financial statements of the Corporation represented to him or her by an officer of the Corporation or in a written report of the external auditors to present fairly the financial position of the Corporation in accordance with GAAP; and

b) any report of a lawyer, accountant, engineer, appraiser or other person whose profession lends credibility to a statement made by any such person.

4. Limitations on Committee's Duties

In contributing to the Committee's discharging of its duties under this mandate, each member of the Committee shall be obliged only to exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. Nothing in this mandate is intended, or may be construed, to impose on any member of the Committee a standard of care or diligence that is in any way more onerous or extensive than the standard to which all Board members are subject. The essence of the Committee's duties is monitoring and reviewing to gain reasonable assurance (but not to ensure) that the Fundamental Activities are being conducted effectively and that the Financial Reporting Objective is being met and to enable the Committee to report thereon to the Board.

II Audit Committee Charter

The Audit Committee's Charter outlines how the Committee will satisfy the requirements as set forth by the Board in its mandate. This Charter comprises:

- Operating Principles;

- Operating Procedures;
- Specific Responsibilities and Duties

A. Operating Principles

The Committee shall fulfill its responsibilities within the context of the following principles:

1) Committee Values

The Committee expects the management of the Corporation to operate in compliance with corporate policies; with laws and regulations governing the Corporation; and to maintain strong financial reporting and control processes.

2) Communications

The Chairman (and others on the Committee) expects to have direct, open and frank communications throughout the year with management, other Board Committee Chairmen, the external auditors, the internal auditor and other Committee advisors as applicable.

3) Financial Literacy

All Committee Members shall be financially literate and sufficiently versed in financial matters to understand the Corporation's accounting practices and policies and the major judgments involved in preparing the financial statements.

4) Annual Audit Committee Work Plan

The Committee, in consultation with management and the external auditors, shall develop an annual Audit Committee Work Plan responsive to the Committee's responsibilities as set out in this Charter. In addition, the Committee, in consultation with management and the external auditors, shall develop and participate in a process for review of important financial topics that have the potential to impact the Corporation's financial disclosure.

5) Meeting Agenda

Committee meeting agendas shall be the responsibility of the Chairman of the Committee in consultation with Committee members, senior management and the external auditors.

6) Committee Expectations and Information Needs

The Committee shall communicate its expectations to management and the external auditors with respect to the nature, timing and extent of its information needs. The Committee expects that written materials will be received from management and the external auditors at least three days in advance of meeting dates.

7) External Resources

To assist the Committee in discharging its responsibilities, the Committee may in addition to the external auditors, at the expense of the Corporation, retain independent counsel and other advisors having special expertise as it deems necessary to carry out its duties. The Committee shall set and pay the compensation for any such advisors.

8) In Camera Meetings

At each meeting of the Committee, the members of the Committee shall meet in private session with the external auditors; or with management; or with the Committee members only.

9) Reporting to the Board

The Committee, through its Chairman, shall report after each Committee meeting to the Board at the Board's next regular meeting.

10) Committee Self Assessment

The Committee shall annually review, discuss and assess its own performance. In addition, the Committee shall periodically review its role and responsibilities.

11) The External Auditors

The Committee requires that, in discharging its responsibilities, the external auditors shall report directly to the Committee and be accountable to the Committee. The external auditors shall report all material issues or potentially material issues directly to the Committee.

B. Operating Procedures

1) The Committee shall meet at least four times annually, or more frequently as circumstances dictate. Meetings shall be held at the request of the Chairman, upon the request of two (2) members of the Committee or at the request of the external auditors.

2) A quorum shall be a majority of the members.

3) Unless the Committee otherwise specifies, the Secretary of the Corporation shall act as Secretary of all meetings of the Committee.

4) In the absence of the Chairman of the Committee, the members shall appoint an acting Chairman.

5) A copy of the minutes of each meeting of the Committee shall be provided to each member of the Committee and to each director of the Corporation in a timely fashion.

C. Specific Responsibilities and Duties

To fulfill its responsibilities and duties, the Committee shall:

Financial Reporting

1) Review the Corporation's annual and quarterly financial statements with management and the annual financial statements with the external auditors to gain reasonable assurance that the statements are accurate, complete, represent fairly the Corporation's financial position and performance and are in accordance with GAAP and report thereon to the Board before such financial statements are approved by the Board;

2) Receive from the external auditors reports on their audit of the annual financial statements;

3) Receive from management a copy of the representation letter provided to the external auditors and receive from management any additional representations required by the Committee;

4) Review and, if appropriate, recommend approval to the Board of news releases and reports to shareholders issued by the Corporation with respect to the Corporation's annual and quarterly financial statements and any financial information derived from such statements, including earnings; and

5) Review and, if appropriate, recommend approval to the Board of prospectuses, material change disclosures of a financial nature, management discussion and analysis, annual information forms and similar disclosure documents to be issued by the Corporation.

Accounting Policies

1) Review with management and the external auditors the appropriateness of the Corporation's accounting policies, disclosures, reserves, key estimates and judgments, including changes or variations thereto and obtain reasonable assurance that they are in compliance with GAAP and report thereon to the Board; and

2) Review with management and the external auditors the degree of conservatism of the Corporation's underlying accounting policies, key estimates and judgments and reserves.

Risk and Uncertainty

1) Acknowledging that it is the responsibility of the Board, in consultation with management, to identify the principal business risks facing the Corporation, determine the Corporation's tolerance for risk and approve risk management policies, the Committee shall focus on financial risk and gain reasonable assurance that financial risk is being effectively managed or controlled by:

    a) reviewing with management the Corporation's tolerance for financial risks;

    b) reviewing with management its assessment of the significant financial risks facing the Corporation;

    c) reviewing with management the Corporation's policies and any proposed changes thereto for managing those significant financial risks; and

    d) reviewing with management its plans, processes and programs to manage and control such risks;

2) Ascertain that policies and procedures are in place to minimize environmental, occupational health and safety and other risks to asset value and mitigate damage to or deterioration of asset value and review such policies and procedures periodically;

3) Review policies and compliance therewith that require significant actual or potential liabilities, contingent or otherwise, to be reported to the Board in a timely fashion;

4) Review foreign currency, interest rate and commodity price risk mitigation strategies, including the use of derivative financial instruments;

5) Review the adequacy of insurance coverage’s maintained by the Corporation; and

6) Review regularly with management, the external auditors and the Corporation's legal counsel, any legal claim or other contingency, including tax assessments, that could have a material effect upon the financial position or operating results of the Corporation and the manner in which these matters have been disclosed in the financial statements.

Financial Controls and Control Deviations

1) Review the plans of the internal and external auditors to gain reasonable assurance that the combined evaluation and testing of internal financial controls is comprehensive, coordinated and cost effective; and

2) Receive regular reports from management, the external auditors, or, if requested, the Corporation’s legal counsel on all significant deviations, or indications/detection of fraud and the corrective activity undertaken in respect thereto.

Compliance with Laws and Regulations

1) Review regular reports from management and others (e.g. internal and external auditors) with respect to the Corporation's compliance with laws and regulations having a material impact on the financial statements including:

    a) tax and financial reporting laws and regulations;

    b) legal withholding requirements;

    c) environmental protection laws and regulations; and

    d) other laws and regulations which expose directors to liability;

2) Review reports with respect to occupational health and safety matters having a potential significant financial impact and to gain reasonable assurance annually that the Corporation's reserves with respect to such matters are sufficient and appropriate; and

3) Review the status of the Corporation's tax returns and, if applicable, those of its subsidiaries.

Relationship with External Auditors

1) Recommend to the Board the nomination of the external auditors;

2) Recommend to the Board the remuneration of the external auditors and approve the terms of engagement of the external auditors as set forth in the auditors’ engagement letter;

3) Be directly responsible for overseeing the work of the external auditors;

4) Review the performance of the external auditors annually or more frequently as required;

5) Receive annually from the external auditors an acknowledgement in writing that the shareholders, as represented by the Board and the Committee, are their primary client;

6) Receive a report annually from the external auditors with respect to their independence, such report to include disclosure of all engagements (and fees related thereto) for non audit services provided to the Corporation;

7) Review with the external auditors the scope of the audit, the areas of special emphasis to be addressed in the audit, the extent to which the external audit can be coordinated with internal audit activities and the materiality levels which the external auditors propose to employ;

8) Meet regularly with the external auditors in the absence of management to determine that no management restrictions have been placed on the scope and extent of the audit examinations by the external auditors or the reporting of their findings to the Committee;

9) Establish effective communication processes with management and the Corporation's internal and external auditors to assist the Committee to monitor objectively the quality and effectiveness of the relationship among the external auditors, management and the Committee;

10) Resolve disagreements between management and the external auditors regarding financial reporting; and

11) Pre-approve all non-audit services to be provided to the Corporation by the external auditors and shall establish a pre-approval policy to do so.

Other Responsibilities

1) Periodically review the form, content and level of detail of financial reports to the Board;

2) Approve annually the reasonableness of the expenses of the Chairman of the Board and the President and Chief Executive Officer;

3) After consultation with the Chief Financial Officer and the external auditors, gain reasonable assurance, at least annually, of the quality and sufficiency of the Corporation's accounting and financial personnel and other resources;

4) Review in advance the appointment of the Corporation's senior financial executives;

5) Investigate any matters that, in the Committee's discretion, fall within the Committee's duties; and

6) Perform such other functions as may from time to time be assigned to the Committee by the Board.

Accountability

1) Review and update this Charter on a regular basis for approval by the Board;

2) From time to time, as requested by the Board, disclose its Mandate and this Charter in the Corporation's statement of corporate governance practices;

3) Review the description of the Committee's activities as set forth in the Corporation’s statement of corporate governance practices; and

4) Ensure adequate procedures are in place for the review of the Corporation's public disclosure of financial information extracted or derived from the Corporation's financial statements and periodically assess those procedures.

Procedures

The Committee shall establish procedures for:

1) the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls, or auditing matters; and

2) the confidential anonymous submission by employees of the Corporation of concerns regarding questionable accounting or audit matters.

The Committee shall also review and approve the Corporation's hiring policies regarding partners, employees and former partners and employees of the present and former external auditors.