



3rd Quarter Report

Period Ending October 31, 2010



BRICK BREWING CO. LIMITED

LETTER TO THE SHAREHOLDERS

Dear Shareholder:

I am delighted to present the results of the third quarter of fiscal 2011. Brick Brewing delivered EBITDA for the quarter ended October 31, 2010 of \$984 thousand, with net earnings of \$213 thousand.

The momentum on Brick brands continued in the third quarter with growth of 6%, compared to an industry volume decline of 2%. Laker family of brands grew by 22% in the period. The Company has landed on a winning consumer position which centres on 'Buy Local. Support Local'. Our award winning taste, appearance and price is converting drinkers to the Laker portfolio on a daily basis.

The Company's volume of canned beer continues to grow rapidly with a 159% lift in the quarter and 87% on a year-to-date basis.

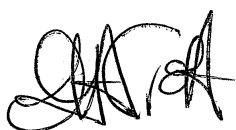
More recently, Brick has been actively working to fill available capacity of more than 200,000 hectolitres (approximately 2.5 million cases). In the third quarter, the Company signed agreements with two new co-pack customers and has also signed agreements for distribution of Brick Brands in the North-eastern United States and British Columbia, Canada.

Some financial highlights of the quarter are as follows:

- Net revenue was \$7.1 million compared to \$7.3 million in the comparable period last year;
- Gross profit percentage has increased to 30.0% versus 24.6%; and
- EBITDA for the period ended October 31, 2010 was \$984 thousand, an increase of 37.2% over the comparable period.
- Net income of \$0.2 million.

We are proud of our accomplishments to date in fiscal 2011 and look forward to presenting our annual results.

Cheers!



George H. Croft
President & CEO

Management's Discussion and Analysis

The following management's discussion and analysis ("MD&A") provides a review of the activities, results of operations and financial condition of Brick Brewing Co. Limited (the "Company") for the quarterly period ended October 31, 2010 ("the third quarter of fiscal 2011") in comparison with the quarterly period ended October 31, 2009 ("the third quarter of fiscal 2010"). These comments should be read in conjunction with: (i) the unaudited consolidated interim financial statements for the third quarters of fiscal 2011 and fiscal 2010; (ii) the MD&A and the fiscal 2010 annual report for the year ended January 31, 2010, including the sections on risks and uncertainties (the "Annual MD&A"); and (iii) the accompanying notes to the audited consolidated financial statements for the year ended January 31, 2010. The consolidated interim financial statements for the third quarter of fiscal 2011 have not been audited or reviewed by KPMG LLP. The following comments were prepared as of December 9, 2010. Additional information relating to the Company, including its annual information form, is available at www.sedar.com or in the investor relations section of the Company's website at www.brickbeer.com.

FORWARD-LOOKING STATEMENTS

Except for the historical information contained herein, the discussion in this MD&A contains certain forward-looking statements that involve risks and uncertainties, such as statements of the Company's plans, objectives, strategies, expectations and intentions and include, for example, the statements concerning expected volumes, operating efficiencies and costs. Forward-looking statements generally can be identified by the use of forward-looking terminology such as "may", "will", "expect", "intend", "anticipate", "seek", "plan", "believe" or "continue" or the negatives of these terms or variations of them or similar terminology. Although the Company believes that the expectations and assumptions reflected in these forward-looking statements are reasonable, undue reliance should not be placed on these forward-looking statements. These forward-looking statements are not guarantees and reflect the Company's views as of December 9, 2010 with respect to future events. Future events are subject to certain risks, uncertainties and assumptions, which may cause actual performance and financial results to differ materially from such forward-looking statements. The forward-looking statements, including the statements regarding expected volumes, operating efficiencies and costs are based on, among other things, the following material factors and assumptions: sales volumes in the fiscal year ending January 31, 2011 ("fiscal 2011") will decrease, no material changes in consumer preferences, brewing and packaging efficiencies will improve, input costs for brewing materials will decrease, the cost of packaging materials will decrease, competitive activity from other brewers will continue, no material change to the regulatory environment in which the Company operates and no material supply, cost or quality control issues with vendors. Readers are urged to consider the foregoing factors and assumptions when reading the forward-looking statements and, for more information regarding the risks, uncertainties and assumptions that could cause the Company's actual financial results to differ from the forward-looking statements, to also refer to the rest of the discussion in this MD&A, the Company's annual information form and various other public filings. The forward-looking statements included in this MD&A are made only as of December 9, 2010 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.

Management's Discussion and Analysis

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 Red Baron, Red Cap, Formosa, and Laker brand names (collectively, the "Brick Brands"). Under its co-packaging agreements, the Company produces, sells, markets and distributes various beer products on behalf of Loblaw's Inc. ("Loblaw's") under the licensed President's Choice® ("PC®") and HEK trademarks, which are available in Ontario and Quebec. The Company produces the Mott's Caesar brand in bottles under a contract with Canada Dry Mott's, Inc. ("CDMI"). In addition to production, the Company also represents and sells products in Ontario for CDMI.

Geographic Distribution

The Company's products are sold primarily in Ontario, although PC and HEK products are available in Quebec. The Company also engages in certain co-packing business, which involves producing and packaging beer and ready-to-drink alcoholic beverages for other customers. The Company began shipping products to Eastern Canada in the third quarter of fiscal 2011.

Distribution Channels

In Ontario, distribution of packaged beer occurs through The Beer Store ("TBS") and the Liquor Control Board of Ontario ("LCBO"). Consumers can purchase the Company's products through these channels as well as through licensed establishments (bars and restaurants) in Ontario.

Operating Facilities

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

Management's Discussion and Analysis

SELECTED QUARTERLY INFORMATION

The following table summarizes certain financial information of the Company for the quarters indicated below.

Results for the quarterly period ended:

(in thousands of dollars, except per share amounts)

	October 31, 2010	October 31, 2009	October 31, 2008
Income Statement Data			
Gross Revenue	\$ 16,200	\$ 15,718	\$ 16,501
Net Revenue (after production taxes and distribution fees)	\$ 7,112	\$ 7,280	\$ 7,295
Earnings before interest, income taxes, depreciation and amortization, non-recurring items and equity earnings	\$ 984	\$ 717	\$ (454)
Net earnings	\$ 213	\$ 241	\$ (647)
Earnings per share			
Basic	\$ 0.01	\$ 0.01	\$ (0.03)
Fully diluted	\$ 0.01	\$ 0.01	\$ (0.03)
Balance Sheet Data			
Total Assets	\$ 34,820	\$ 29,299	\$ 35,425
Current and Non-Current Portions of Long-term Debt	\$ 3,425	\$ 2,126	\$ 3,046

Management's Discussion and Analysis

RESULTS OF CONSOLIDATED OPERATIONS

Results for the quarterly and fiscal year-to-date period ended:

(in thousands except per share amounts)

	Third quarter ended		Fiscal year-to-date ended	
	October 31, 2010	October 31, 2009	October 31, 2010	October 31, 2009
Gross revenue	\$ 16,200	\$ 15,718	\$ 50,394	\$ 51,141
Less: Production taxes and distribution fees	(9,088)	(8,438)	(27,200)	(26,904)
Net revenue	7,112	7,280	23,194	24,237
Cost of sales	4,976	5,491	16,073	17,914
Gross profit	2,136	1,789	7,121	6,323
	30.0%	24.6%	30.7%	26.1%
Selling, marketing and administration	1,125	1,067	3,700	3,122
Earnings before the undernoted	1,011	722	3,421	3,201
Depreciation and amortization	(581)	(328)	(1,393)	(1,383)
Interest and other expense	(89)	(40)	(181)	(131)
Earnings before income taxes	341	354	1,847	1,687
Provision for future income taxes	128	113	600	553
Net earnings	\$ 213	\$ 241	\$ 1,247	\$ 1,134
Net earnings per share				
Basic	\$ 0.01	\$ 0.01	\$ 0.04	\$ 0.04
Diluted	\$ 0.01	\$ 0.01	\$ 0.04	\$ 0.04
Net revenue increase (decrease)	(2.3%)	0.0%	(4.3%)	4.0%
Volume growth (decline)	13.0%	(12.8%)	3.3%	(5.7%)
Consisting of:				
Increase (decrease) in Brick brand volume	6.0%	(10.7%)	2.0%	(4.5%)
Increase (decrease) in co-pack volume ⁽¹⁾	27.7%	(16.8%)	5.7%	(7.7%)
Net volume growth (decline)	13.0%	(12.8%)	3.3%	(5.7%)

(1) Includes beer packaged under the licensed PC® and HEK trademarks on behalf of Loblaw's and Mott's Caesar packaged on behalf of CDMI.

Management's Discussion and Analysis

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

<i>(in thousands)</i>	Quarterly period ended		Fiscal year-to-date ended	
	October 31, 2010	October 31, 2009	October 31, 2010	October 31, 2009
Net income	213	241	1,247	1,134
Add:				
Future income tax expense	128	113	600	553
Amortization	581	328	1,393	1,383
Interest expense	62	35	150	110
Subtotal	771	476	2,143	2,046
EBITDA*	984	717	3,390	3,180

NET REVENUE

Net revenues for the third quarter of fiscal 2011 were \$7.1 million (\$23.2 fiscal year-to-date), compared to \$7.3 million in the third quarter of fiscal 2010 (\$24.2 million fiscal year-to-date). Gross revenues were \$16.2 million for the third quarter of fiscal 2011 compared to \$15.7 million in the third quarter of fiscal 2010. Gross revenues on a fiscal year-to-date basis were \$50.4 million at the end of the third quarter of fiscal 2011. This was a decrease of \$0.7 million from the same period last year. Net revenues are calculated by deducting from gross revenues the costs of distribution fees paid to TBS and the LCBO and production taxes.

During the third quarter of fiscal 2011, the Company's overall sales volume was approximately 68,000 hectolitres, comprised of 25,000 hectolitres of co-packaged product and 43,000 hectolitres of Brick Brands. On a year-to-date basis, Brick Brand volume was approximately 137,000 hectolitres and co-pack volume was approximately 76,000 hectolitres.

BRICK BRANDS

Brick Brands sales volumes continued to grow during the third quarter of fiscal 2011 with the Company's overall sales volume (excluding co-pack) increasing by 6% from the third quarter of fiscal 2010 (2% fiscal year to date). During the third quarter of fiscal 2011, industry beer volumes decreased by approximately 2%.

The upward trend of the Company's canned beer continued in the third quarter of fiscal 2011 with an impressive volume growth of 159% compared to a decrease in sales volume of 22% in the third quarter of fiscal 2010. On a year-to-date basis, canned beer sales volume increased by 87% compared to a decrease of 21% in the same period last year.

During the third quarter of fiscal 2011, the Laker family brand volumes increased by 22% compared to the third quarter of fiscal 2010 (9% on a fiscal year-to-date basis). In the third quarter of fiscal 2010, the sales volumes had decreased by 30% (22% on a fiscal year-to-date basis). The Company completed an overhaul of the Laker family packaging in the first quarter of fiscal 2011, which entailed redesigned cartons and distinctive labels aimed at delivering the best fit and finish at a value price point. The transformation of the brand family was required in the current pricing environment and the initiative has contributed significantly to reversing a downward sales volume trend in the Laker family brand.

Management's Discussion and Analysis

During the third quarter of fiscal 2011, the volumes of the Waterloo brands declined by 12% compared to the third quarter of fiscal 2010 (increase of 10% on a fiscal year-to-date basis).

During the third quarter of fiscal 2011, the Red Baron family of brands declined by 37% versus the third quarter of fiscal 2010. In fiscal 2010, the Red Baron family was delivering exponential growth as a result of new packaging and the introduction of Red Baron Lime. The Company launched Red Baron Platinum Light (a new low calorie beer) at the end of the third quarter of fiscal 2011.

During the third quarter of fiscal 2011, the Company's packaged beer volume consisted of 3% in the premium beer category and 97% in the value beer category. The Company's draft beer volume represents approximately 2% of total Brick Brand volume. As at October 31, 2010, the Company's total market share by volume of TBS retail sales in Ontario was approximately 4% (October 31, 2009 - 4%).

CO-PACKING ARRANGEMENTS

The volume of co-pack business increased by 28% during the third quarter of fiscal 2011 in comparison to the third quarter of fiscal 2010 (6% on a fiscal year-to-date basis). Excluding the PC® and HEK trademarks, sales volumes for co-pack business increased by 95% during the third quarter of fiscal 2011.

The Company is aggressively seeking new co-packing opportunities to build upon the growing co-packaging segment of the business and to fill the organization's excess capacity. The Company announced on August 5, 2010 that it signed a new contract brewing agreement which is anticipated to generate a minimum of \$1.0 million in net revenue during the initial two years of the contract. Recently the Company has obtained two additional co-packing agreements with initial production scheduled for the first quarter of fiscal 2012.

PRODUCTION TAXES & DISTRIBUTION FEES

During the third quarter of fiscal 2011, the Company's production tax increased by 14% compared to the third quarter of fiscal 2010 as a result of increased production tax rates. Production taxes have increased 4% on a fiscal year-to-date basis. Effective July 1, 2010, the Company no longer pays fees to the Alcohol & Gaming Commission of Ontario ("AGCO") and instead remits a Beer & Wine Tax to the Ontario Ministry of Revenue. The beer tax rate is higher than the previous rate paid to the AGCO by \$14.2 per hectolitre of beer. The beer tax increase was delivered at the same time the harmonized sales tax ("HST") was implemented in Ontario. Previously, the combined provincial sales tax and federal goods and services tax on beer was 17%. With the introduction of HST, there is a reduction in total sales tax of 4%, with no change to the minimum retail prices. The government is capturing the loss on sales tax through the increased beer tax described above. This will result in an increase in gross sales for the Company and a corresponding increase in taxes, with an immaterial impact on net revenue per hectolitre.

There was not a significant change in rates of distribution fees during the third quarter of fiscal 2011 aside from regular annual increases and therefore, the cost of distribution fees remained consistent with the third quarter of fiscal 2010 at approximately 20% of gross revenues (19% on a fiscal year-to-date basis).

Management's Discussion and Analysis

COST OF SALES

Cost of sales was \$5.0 million for third quarter of fiscal 2011, a decrease of \$0.5 million from the third quarter of fiscal 2010. On a fiscal year-to-date basis, cost of sales has decreased by \$1.8 million from fiscal 2010. During the third quarter of fiscal 2011, cost of sales as a percentage of net revenue has decreased 5% from the same quarter of fiscal 2010. This improvement to the Company's margin is a direct result of numerous cost cutting measures. Efforts to reduce the Company's environmental footprint continue to deliver significant and sustainable reductions in the consumption of water used in production, reductions of effluent discharged to municipal sewer systems, and reductions of raw material losses. The cost of labour has also been reduced through stream-lining processes and manpower optimization on both bottling and canning lines. The Company has also been able to reduce material costs through continued tendering of key supply contracts and renegotiation of existing supply contracts. Cost of sales represented 70% of net revenue in the third quarter of fiscal 2011 compared to 75% in the third quarter of fiscal 2010. On a fiscal year-to-date basis, cost of sales represented 69% of net revenue compared to 74% in the same period of fiscal 2010.

SELLING, MARKETING AND ADMINISTRATION

In the third quarter of fiscal 2011, selling, marketing and administration expenses totalled \$1.1 million and are consistent with the third quarter of fiscal 2010's selling, marketing and administration expenditures. On a fiscal year-to-date basis, these expenses totalled \$3.7 million compared to \$3.1 million in the same period of fiscal 2010.

The Company has recorded a provision for bonuses of \$0.3 million. Key employees are entitled to bonuses based on performance targets.

The Company receives funding from the Ontario Government under the four-year Ontario Craft Brewers Opportunity Fund (the "Opportunity Fund") which was established in September 2008. The four-year eligibility period ends on March 30, 2011 and management expects to be in compliance with the Opportunity Fund's requirements and to receive support during the remainder of the program. As such, the Company has recorded a benefit of \$0.3 million in the third quarter of fiscal 2011. The Company has recorded a receivable of \$1.8 million as at October 31, 2010. This has been presented with trade accounts receivable on the unaudited consolidated balance sheet and represents management's estimate of the grant earned as of October 31, 2010. Subsequent to the end of the third quarter, the Company received a \$1.0 million support payment, with the remaining \$0.8 million to be received in fiscal 2012. The Company will continue to maximize the benefits obtained from the Opportunity Fund to better position the Brick Brands in the marketplace.

DEPRECIATION AND AMORTIZATION

Depreciation during the third quarter of fiscal 2011 was \$0.6 million and represents an increase of \$0.3 million from the same quarter in fiscal 2010. The increase is due to management's revision of the estimated useful lives of certain assets, as well as an impairment charge for products which were delisted at TBS during the third quarter of fiscal 2011.

Management's Discussion and Analysis

NET EARNINGS

For the quarter ended October 31, 2010, net income was \$0.2 million compared to net income of \$0.2 million for the quarter ended October 31, 2009. On a fiscal year-to-date basis, net income was \$1.3 million for fiscal 2011 compared to \$1.1 million for fiscal 2010. Basic and diluted earnings per share for the quarter ended October 31, 2010 were both \$0.01 per share, compared with both basic and diluted earnings of \$0.01 per share for the quarter ended October 31, 2009. The basic and diluted earnings per share for the first nine periods of fiscal 2011 were \$0.04 per share and \$0.04 per share, respectively, compared to both basic and diluted earnings of \$0.04 per share for the comparative period in fiscal 2010.

LIQUIDITY AND CAPITAL RESOURCES

THE BEER STORE PAYMENT TERMS

During the first quarter of fiscal 2011, TBS announced significant changes in its payment terms. Prior to May 2010, the Company received a payment for each full week of shipments within one week. Effective May 2010, payments are received four weeks after the shipment week has concluded. As a result of this unexpected change in the timing of cash receipts, the Company arranged for a \$2 million increase in its operating line of credit and a \$2.2 million increase available of its long-term debt.

The new operating line of credit agreement and the increase in term debt were finalized on May 6, 2010. The new operating line of credit provides for a maximum of \$6.5 million credit (marginated against accounts receivable and inventory of the Company) at an interest rate of prime plus 1.5%. The additional term debt of \$2.2 million will be drawn down as capital expenditures are made. As at October 31, 2010, \$1.7 million of the available term debt was advanced to the Company. The Company expects to receive the remaining \$0.5 million of term debt in the last quarter of fiscal 2011.

CONSOLIDATED FINANCIAL POSITION

The Company has an operating line of credit, three mortgages payable and two capital equipment leases. As at October 31, 2010, the Company is in compliance with its covenants under each of the aforementioned agreements. The Company expects to continue to be in compliance with these covenants at January 31, 2011.

The mortgages described above are collectively referred to as long-term debt. On May 6, 2010, two of the mortgages payable were refinanced as one mortgage and increased by \$2.2 million, as noted above, to finance the purchase and upgrade of equipment.

As at October 31, 2010, the Company had bank indebtedness of \$1.2 million (January 31, 2010 – \$1.8 million). This represents a decrease of \$0.6 million from the end of fiscal 2010 and was achieved primarily as a result of cash generated from operations and a reduction in principal payment requirements during the fiscal year.

As at October 31, 2010, the Company had 28,121,385 common shares, 1,349,000 stock options and 5,729,165 warrants outstanding. Each stock option and warrant is exercisable for one common share.

Management's Discussion and Analysis

During the third quarter of fiscal 2011, the Company incurred legal costs in relation to the shareholder dispute discussed under "Litigation". Legal costs incurred with respect to this litigation are covered under the Company's Directors', Officers' and Company liability policy, subject to a deductible of \$100,000. The Company has determined that the insurance deductible is an incremental cost that is incidental to the October 2008 private placement equity transaction. The Company has concluded that in the absence of the equity transaction and corresponding litigation, the insurance deductible would have been avoided. As such, these costs have been treated as a capital transaction and presented as a reduction of share capital.

The Company's working capital position has substantially improved to \$4.8 million at October 31, 2010 compared to \$2.6 million at January 31, 2010. This is attributable to strict cash management while transitioning to new payment terms imposed by TBS.

Current assets of the Company were \$13.2 million at October 31, 2010 compared to \$8.6 million at January 31, 2010. Accounts receivable at October 31, 2010 includes the \$1.8 million relating to the Opportunity Fund discussed above, under "Selling, Marketing, and Administration" (January 31, 2010 - Opportunity Fund receivable of \$0.8 million). Accounts receivable, excluding the marketing grant, increased \$3.4 million from January 31, 2010. This increase is attributable to the change in TBS' payment terms.

The Company's inventory at October 31, 2010 is consistent with the balance of inventory at January 31, 2010. The Company continues to improve inventory management through reducing finished good inventory levels in the warehouse.

Property, plant and equipment and other assets at October 31, 2010 increased by \$1.0 million compared to January 31, 2010. The increase is a result of investments in various projects aimed at improving the efficiency of the Company's packaging and distribution center in Kitchener.

Future income taxes (both current and long-term combined) decreased by \$0.6 million as at October 31, 2010 compared to January 31, 2010. The decrease is the result of the Company applying losses carried forward from previous years to reduce the current taxes payable on net income generated during the third quarter of fiscal 2011. Applied against the future income tax asset is a valuation allowance of \$1.8 million.

The Company's current liabilities were \$8.4 million at October 31, 2010 compared to \$5.9 million at January 31, 2010; an increase of \$2.5 million. This increase is due to higher production taxes as well as efforts to extend payables in anticipation of new TBS payment terms discussed above.

Long-term debt increased by \$1.3 million and obligations under capital leases decreased by \$0.1 million at October 31, 2010 compared to January 31, 2010. The increase in long-term debt is due to \$1.7 million of term debt received during the second and third quarters of fiscal 2011 less principal payments of \$0.5 million.

CASH FLOW

The Company generated \$1.1 million of cash in operating activities during the third quarter of fiscal 2011. On a fiscal year-to-date basis, the Company generated cash from operations of \$1.8 million.

Financing activities used \$0.3 million of cash during the third quarter of fiscal 2011 primarily due to principal payments of the term debt and capital lease obligations. The Company received \$0.2

Management's Discussion and Analysis

million of additional term debt during the third quarter of fiscal 2011. On a fiscal year-to-date basis, the Company generated \$0.6 million of cash from financing activities.

Investing activities used \$0.8 million of cash during the third quarter of fiscal 2011 compared to \$0.5 million in the third quarter of fiscal 2010. During the first nine periods of fiscal 2011, the Company invested \$2.4 million in property, plant, and equipment (\$2.3 million in the comparative period of fiscal 2010).

At October 31, 2010, \$0.7 million was drawn on the operating line of credit. Bank indebtedness on the unaudited consolidated balance sheet includes outstanding cheques.

The Company utilizes several operating leases to finance office and computer equipment and software, warehouse and manufacturing equipment, cars, vans, and forklifts. The Company also leases the building in Kitchener where it has its warehousing and packaging operations. By entering into operating leases, the Company is able to update its equipment more frequently, not utilize its cash to invest in these assets and in so doing lower its overall average cost compared with purchasing the assets. All leases are evaluated at inception for appropriate accounting treatment.

The Company has other purchase commitments which include amounts for natural gas, syrup, malt, and packaging materials. A summary of the Company's contractual obligations for the next five years is as follows:

<i>(in thousands)</i>	Long-term debt	Capital lease	Operating leases	Other purchase commitments	Total
Q4 2011	-	44	278	1,189	1,511
2012	624	162	1,102	2,279	4,167
2013	732	25	1,007	112	1,876
2014	882	-	956	-	1,838
2015	1,218	-	955	-	2,173
2016 and thereafter	-	-	521	-	521
	3,456	231	4,819	3,580	12,086

The Company does not currently pay dividends on its common shares. At the present time, the Board of Directors of the Company believes that the cash flow of the Company should be reinvested to finance current activities.

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 AGCO and the Canada Revenue Agency provide the necessary licensing approvals. The Company has permits to distribute beer in the province of Quebec. Management believes that the Company is in compliance with all licenses, permits and approvals.

Management's Discussion and Analysis

Consumer preference/trends

The beer industry is a highly competitive environment and has experienced an overall decline in beer sales over the past several years. In Ontario, a recent trend has been towards canned beer. Prior to fiscal 2011, the Company was underrepresented in cans. The installation of the canning line in fiscal 2010 has provided the Company with control over production and distribution and the result has been considerable growth in canned volume. The Company's available canning capacity is approximately 20,000 hectolitres per year. During the fourth quarter of fiscal 2011, the Company will be installing an additional can filler to increase total canning capacity by 50%.

Pricing environment

The increase in the minimum retail price ("MRP") in fiscal 2009 reduced the price gap between value and mainstream brands, creating intense price competition throughout fiscal 2010. A further increase in the MRP for beer was effective April 12, 2010. The Company expects legislated price increases to continue in future years and further erode the price gap between discount 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. 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 and relevance of Laker, Red Baron and Waterloo trademarks.

Government grant for marketing

The last period of eligibility for the Opportunity Fund is April 1, 2010 to March 31, 2011. The income recognized from this initiative will not extend beyond the current fiscal year, with the final cash payment expected in November 2011. There can be no assurance that this government grant, designed to support Ontario microbrewers, will continue and therefore the operating cash flow required to deliver a similar marketing investment in future years must increase by approximately \$1 million. Management expects that additional cost cutting measures and incremental co-packaging arrangements will provide the cash flow required to fill this impending gap.

Quality

With the backdrop of intense price competition driven by MRP changes, the quality of the Company's product is more important than ever. In addition to packaging upgrades in recent quarters, the Company has been measuring and demonstrating tremendous improvement in key areas of quality control. Management continues to work diligently to improve overall product quality and consistency delivered to the consumer. Results are showing an improvement on all quality metrics each period with an overall improvement of 29% as compared to a year ago. The Company's efforts to continually improve quality and consistency have resulted in the Company recently being awarded four medals including two Gold medals at the Ontario Brewing Awards. The Company also achieved four medals at the 8th Annual Canadian Brewing Awards held on September 24, 2010.

The Company is embarking on a new initiative to meet Hazard Analysis Critical Control Point ("HACCP") requirements and to become a Canadian industry leader through accreditation with a Global Food Safety Initiative certification.

Management's Discussion and Analysis

The Beer Store

TBS is owned by larger international competitors. Recently, TBS imposed payment term changes that were punitive and without consultation with small brewers in Ontario. The Company will work hard with other brewers and government to ensure that TBS policy changes going forward are equitable and done in consultation with all interested parties.

The payment term extension by TBS necessitated an increase in the Company's maximum line of credit to \$6.5 million. Management expects the operating line to provide sufficient credit for the complete operating cycle. Seasonal cash flow requirements will put pressure on the facility and prudent cash management will be required.

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 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.

Strategy

"Fix, Fill and Optimize"

The Company's future growth and profitability will depend on management's ability to "fix, fill, and optimize".

Readers of the MD&A and financial statements will have noticed relentless pursuit of cost reduction in all facets of the business, since the restructuring in fiscal 2009. Management believes that the Company is running leaner than ever before and the opportunities for substantive cost reduction have been attained. Volume growth is the essential ingredient to maximize the value of these cost reduction strategies.

In the third quarter of fiscal 2011, significant time and attention has been given to the "fill" element of our growth strategy. The Company signed agreements with two new co-pack customers and has also signed agreements for distribution of Brick Brands in the North-eastern United States and British Columbia, Canada.

The Company's agreements with Loblaws and Provigo to produce PC® branded beer for the Ontario and Quebec markets expire on December 31, 2010. The Company is exploring renewal options; however continuation of this relationship is not assured. Management believes that new co-pack agreements and continued growth of Brick Brands would replace the PC® volume that may be lost as a result of the contract expiration.

Once complete, filling the excess capacity of 200,000 hectolitres with co-pack business can deliver between \$2 million and \$6 million of incremental annual cash flows. At peak capacity, reinvestment in capital expenditures and marketing will range between \$1 million and \$3 million.

Management's Discussion and Analysis

Optimization is about maximizing the EBITDA impact of filling the organization and will be achieved by securing larger and more profitable co-pack contracts over time and by making appropriate reinvestment in the Brick Brands to drive organic growth at margins which are superior to co-packing business.

Outlook for balance of Fiscal 2011

In the third quarter of fiscal 2011, the Company built upon the momentum achieved in the second quarter. The continued decline in President's Choice brand volume diminishes the Company's overall revenue performance. However, the underlying performance of our proprietary brands is significant and management believes this trend is sustainable for the balance of fiscal 2011.

In the third quarter of fiscal 2011, the Company extended the Red Baron brand name to include "Platinum Light", Canada's lowest calorie beer. The brand launch will be supported with radio and outdoor advertising.

Canned beer showed continued improvement with sales volumes increasing by 159% during the third quarter of fiscal 2011 from the comparative period in fiscal 2010. In response to significant demand, the Company has introduced Laker Light in a 473 mL can and is adding additional canning capacity in time for the summer of fiscal 2012.

The Company will continue to maintain the competitiveness of its products at TBS through increased radio exposure, outdoor advertisement, co-marketing and lobby displays.

LITIGATION

On March 24, 2009, the Company announced that certain of its shareholders commenced a lawsuit against the Company claiming, among other things, that the non-brokered, non-arms' length private placement financing that closed on October 31, 2008 was prejudicial and unfairly disregarded them. Management believes that the claim by certain of the Company's shareholders is without merit and no amount has been recorded in the financial statements with respect to this claim. The Company filed its statement of defence on November 3, 2009. The Company's insurer has confirmed the Company has coverage for the claim, including defence costs on an as incurred basis, under its Directors', Officers' and Company liability insurance policy, subject to a customary reservation of rights. The insurance policy has a deductible of \$100,000.

The claim filed by the Company against Mr. James Brickman was settled on September 7, 2010.

FINANCIAL REPORTING PERIODS

Effective February 1, 2010, the Company changed its reporting period to thirteen week periods. For example, the third quarter of fiscal 2011 is for the 13-week period ended October 31, 2010. The Company manages shipping and over-the-counter sales data on a weekly basis as opposed to a monthly basis. A floating quarter end date is more meaningful from an operating perspective and is common in the beer industry. The year-end date will remain as January 31st and therefore the fourth quarter of fiscal 2011 will be adjusted from precisely 13 weeks as required. Management does not expect any material impact on quarterly comparisons of information throughout fiscal 2011 and fiscal 2012.

Management's Discussion and Analysis

SUMMARY OF QUARTERLY RESULTS

\$(000's)	Q3 2011	Q2 2011	Q1 2011	Q4 2010	Q3 2010	Q2 2010	Q1 2010	Q4 2009
Net Revenue	7,112	9,111	6,971	5,679	7,280	9,316	7,641	6,601
Selling, marketing & administration	1,125	1,303	1,272	920	1,067	1,189	866	1,340
EBITDA*	984	1,772	634	(131)	717	1,308	1,155	(1,134)
Net Income (Loss)	213	926	108	232	241	461	431	(6,697)
EPS (Basic)	\$ 0.01	\$ 0.03	\$ -	\$ 0.01	\$ 0.01	\$ 0.02	\$ 0.02	\$ (0.24)
EPS (Diluted)	\$ 0.01	\$ 0.03	\$ -	\$ 0.01	\$ 0.01	\$ 0.02	\$ 0.02	\$ (0.24)

IMPACT OF NEW ACCOUNTING PRONOUNCEMENTS

The Company's accounting policies are discussed in detail within note 1 to the Company's Annual Audited Consolidated Financial Statements for the year ended January 31, 2010.

Note 3 to the October 31, 2010 Interim Consolidated Financial Statements addresses the Company's future accounting change from Canadian Generally Accepted Accounting Principles ("CGAAP") to International Financial Reporting Standards ("IFRS"). The impact of this change is discussed in greater detail below.

INTERNATIONAL FINANCIAL REPORTING STANDARDS UPDATE

Background

In February 2008, the Canadian Accounting Standards Board ("AcSB") confirmed that Canadian publically accountable entities will have to adopt IFRS effective for fiscal years beginning on or after January 1, 2011. In response to this requirement, commencing with the first quarter ended May 1, 2011, the Company will issue unaudited interim consolidated financial statements, including comparative information in accordance with IFRS, as issued by the International Accounting Standards Board ("IASB"). The Company will issue its first annual consolidated IFRS financial statements for the year ended January 31, 2012 (fiscal 2012), which will include the comparative period ended January 31, 2011.

Project structure

The Company has established a project team (the "Team") to oversee its transition to IFRS. The Team consists of key members of management, with representation from both finance and operational disciplines within the organization.

Management's Discussion and Analysis

During the third quarter of fiscal 2011, to complement the existing Team, a dedicated finance resource was assigned to the project to ensure that the Company meets its implementation timetable and reporting requirements during fiscal 2012. The Company has also established a technical group, comprised of finance personnel, to evaluate and conclude on accounting policy decisions and technical accounting issues as they arise.

Project progress

The Company has completed its assessment of the required changes to accounting polices, as well as their implications on processes within the organization. Based upon this assessment, on transition to IFRS, the Company will be required to evaluate and apply all IFRSs in effect for the period ended January 31, 2012 and to apply them to the presentation of its opening balance sheet as at February 1, 2010 (the "Date of Transition"). The presentation of an opening balance sheet will necessitate restatement of the comparative year ended January 31, 2010 to adjust balances previously reported under CGAAP.

Throughout the remainder of fiscal 2011, the Company will continue to focus its efforts upon the process changes related to the preparation of pro-forma financial statements and related note disclosures mandated by IFRS.

To date, the project is progressing according to plan.

Identification of key differences

The Company has completed the first phase of its conversion process and has identified key differences between CGAAP and IFRS for all standards that affect the transition. These differences have been highlighted within the Company's fiscal 2010 annual report.

The Company continues to make great progress within the second phase of its conversion process in quantifying the adjustments required to transition to IFRS. The differences presented below are not comprehensive and do not include all differences from a financial reporting perspective.

Management's Discussion and Analysis

The data below is intended to provide the reader with estimated quantitative information on the Company's significant known IFRS impacts and its calculations of those impacts as of this date. As the Company progresses through the conversion project, new information may change the amounts ultimately reported.

<i>(In thousands)</i>		As at:			
<i>(decrease)/increase</i>		February 1, 2010	May 2, 2010	August 1, 2010	October 31, 2010
Inventory	(A)	(\$1,781)	(\$1,951)	(\$1,772)	(1,625)
Property, Plant & Equipment	(A)	\$1,781	\$1,951	\$1,772	1,625
Future income taxes (current)	(B)	(\$566)	(\$566)	(\$566)	(\$566)
Future income taxes (non-current)	(B)	\$566	\$566	\$566	\$566
Assets – net impact:		-	-	-	-
Accounts payable and accrued liabilities	(C)	(\$185)	(\$187)	(\$279)	(\$490)
Provisions	(C)	\$185	\$187	\$279	\$490
Liabilities – net impact:		-	-	-	-

(A) The Company currently classifies returnable glass bottles as items of inventory, subject to depreciation. Under IFRS, these bottles are to be presented as items of property, plant and equipment as their use covers more than one period. The change in presentation will impact the Company's existing financial covenants. To address this issue, management will review expectations with lenders.

(B) The Company currently presents its future income tax balances as either current or non-current based upon the classification of the underlying assets or liabilities to which they relate or, if there is no underlying recognized asset or liability, based upon the expected reversal of the temporary difference. Under IFRS, these balances are to be presented as non-current. The change in presentation will impact the Company's existing financial covenants. To address this issue, management will review expectations with lenders.

(C) Under IFRS, provisions must be disclosed as a separate line item, distinct from other liabilities. As such, the Company will need to separate liabilities of uncertain timing and amount related to employee bonus arrangements, asset retirement obligations and severance obligations. CGAAP does not have the equivalent explicit requirement.

Impairment of Capital Assets

Under IFRS, a reversal or reduction of an impairment loss recognized in a prior period is permissible in certain instances. In fiscal 2009, the Company recorded an impairment charge of \$3.3 million against certain capital assets located at its Formosa facility. As a result of reaching agreement with CDMI to extend the production contract to December 2014, it is possible that a portion of the previous impairment charge may be reversed. The Company is in the process of determining the magnitude of this adjustment.

Management's Discussion and Analysis

First-time adoption elections

IFRS provides first time adopters with explicit guidance on the optional elections available to ease the transition to IFRS and on the mandatory exemptions from retrospective application of IFRS. The Company is in the process of evaluating the merit of its available alternatives.

Impact on information technology and data systems

The Company is in the process of assessing the impact of its transition to IFRS on existing information technology and data systems ("IT"). While management does not anticipate a significant impact to the Company's existing IT structure, its assessment will continue during the remainder of fiscal 2011, with finalization anticipated during the fourth quarter of fiscal 2011.

Impact of internal controls over financial reporting and disclosure controls and procedures

In accordance with its conversion plan, the Company is reviewing and evaluating its internal controls over financial reporting, including its disclosure controls and procedures, and will update these as required to ensure that they are appropriate for reporting under IFRS.

Financial reporting expertise

To date, the Team has received detailed technical accounting guidance and training internally on the key differences between CGAAP and IFRS as they apply to significant items impacting the organization.

The Company's finance group continues to receive training on a regular basis to ensure that they have the required understanding of new processes, policies and technical knowledge.

The Company's Board of Directors and Audit Committee have been informed of the major differences between CGAAP and IFRS and are regularly updated on the progress of the project.

Business activities

To date, the transition to IFRS has had the following impacts on the Company's business activities:

- key finance and operational personnel have been educated on the accounting requirements relating to leases so that the accounting implications of contractual arrangements are appropriately understood when negotiating and entering into new agreements; and
- the Company is in the process of reviewing the terms of its financial covenants as a result of the transition to IFRS. Senior management are aware that any future arrangements must include an analysis of IFRS' impact on these arrangements.

Management's Discussion and Analysis

RELATED PARTY TRANSACTIONS

The Company's related party transactions are discussed in note 6 to the Company's consolidated unaudited interim financial statements for the quarter ended October 31, 2010.

The Company's transportation service provider, Laidlaw Carriers Van LP ("Laidlaw"), is subject to significant influence by one of the Company's directors. Laidlaw provided distribution services to the Company during the third quarter of fiscal 2011 aggregating to \$0.1 million (quarter ended October 31, 2009 - \$0.1 million). As at October 31, 2010, the Company owed Laidlaw \$0.05 million (October 31, 2009 - \$0.03 million).

CRITICAL ACCOUNTING ESTIMATES

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

Returnable Containers

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

Indefinite Life Intangibles

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

Impairment of Long-Lived Assets

Long-lived assets, including property, plant and equipment, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be

Management's Discussion and Analysis

recoverable. Management concluded that property, plant and equipment were not impaired as of October 31, 2010. The Company believes that these estimates are materially correct.

Future Income Tax Asset

The Company has recorded an income tax asset. In compliance with the "more likely than not test" required by the CICA Handbook section 3465 "Income Taxes" for these assets to be recorded, the Company has provided a valuation allowance of \$1.8 million against the asset for losses carried forward to a future year. In estimating the valuation allowance, management compared the amount of losses available for carry-forward to the expected income forecasted for the next five years, weighted based on the probability of achieving the forecasted figures.

Stock Based Compensation

The Company recognizes compensation expense when options with no cash settlement feature are granted to employees and directors under the Company's option plan. Stock based compensation expense recognized during the quarter ended October 31, 2010 was \$0.03 million (quarter ended October 31, 2009 - \$0.04 million). Assumptions regarding expected stock volatility and risk free interest rates are required to calculate the fair value of the consideration received.

DISCLOSURE CONTROLS AND PROCEDURES

The Company's management, with the participation of the Chief Executive Officer, Chief Technical Officer and Chief Financial Officer (collectively, the "Officers") are responsible for establishing and maintaining disclosure controls and procedures as defined under Multilateral Instrument 52-109 for the Company. Management has designed such disclosure controls and procedures, or caused them to be designed under their supervision, to provide reasonable assurance that material information relating to the Company is made known to management by others within the Company. Management has evaluated the effectiveness of the Company's disclosure controls and procedures as of October 31, 2010 and has concluded that such procedures were effective, subject to the matters identified below under "Internal Control Over Financial Reporting", in providing such reasonable assurance as of such date and for the fiscal year then ended.

INTERNAL CONTROL OVER FINANCIAL REPORTING

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

The Company's ICFR includes those policies and procedures that:

- pertain to maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company;
- provide reasonable assurance that transactions are recorded as necessary to permit preparation of consolidated financial statements in accordance with CGAAP and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and

Management's Discussion and Analysis

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

Internal controls over financial reporting, no matter how well designed have inherent limitations. Therefore, ICFR 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 ICFR as of October 31, 2010, based on the criteria set forth in the "Internal Control – Integrated Framework" issue by the Committee of Sponsoring Organization of the Treadway Commission ("COSO"). Based on this assessment, management has concluded that ICFR was effective as of October 31, 2010.

In the course of evaluating its ICFR as at October 31, 2010, the Officers identified a disclosable weakness in the area of segregation of duties, caused by limited staffing resources. Specifically, given the size of the Company's staffing levels, certain duties within the accounting and finance department cannot be properly segregated. As a result, there are identifiable instances where personnel had the ability to initiate transactions or accounting entries within certain financial reporting applications that may not be compatible with their other roles and responsibilities. However, none of the segregation of duty or access control deficiencies resulted in a misstatement to the Company's consolidated financial statements as the Company relies on certain compensating controls, including substantive periodic review of its consolidated financial statements by the Officers and Audit Committee. This weakness is reported in accordance with Canadian Securities Administrators Staff Notice 52-316 and is considered to be a common area of deficiency for many smaller listed companies in Canada.

FINANCIAL INSTRUMENTS

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

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

The Company uses significant quantities of malt and hops. The Company uses fixed price contracts of less than one year to reduce the price exposures on these commodities. The Company has secured its required supply of malt and hops for fiscal 2011 and has entered into fixed price contacts, the balance of which are disclosed in the commitments schedule included in this MD&A.

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

BRICK BREWING CO. LIMITED

Consolidated Balance Sheet (unaudited)

	Third quarter ended October 31, 2010	Year ended January 31, 2010
Assets		
Current assets:		
Accounts receivable	6,716,140	2,357,069
Inventories	5,492,059	5,251,714
Prepaid expenses	446,208	412,351
Future income taxes	566,000	566,000
	13,220,407	8,587,134
Property, plant and equipment	15,266,798	14,101,122
Intangible assets	5,899,532	5,731,954
Other assets	-	188,871
Future income taxes	434,000	1,034,000
	\$ 34,820,737	\$ 29,643,081
Liabilities and Shareholders' Equity		
Current liabilities:		
Bank indebtedness	\$ 1,243,959	\$ 1,792,406
Accounts payable and accrued liabilities <i>[note 6]</i>	6,374,822	3,187,915
Current portion of long-term debt <i>[note 8]</i>	624,000	816,100
Current portion of obligations under capital lease	200,112	146,418
	8,442,893	5,942,839
Long-term debt <i>[note 8]</i>	2,800,834	1,251,800
Obligations under capital lease	30,763	138,106
Shareholders' equity:		
Share capital <i>[note 4]</i>	34,578,264	34,678,264
Contributed surplus	861,484	772,455
Deficit	(11,893,501)	(13,140,383)
	23,546,247	22,310,336
Contingency <i>[note 7]</i>		
	\$ 34,820,737	\$ 29,643,081

See accompanying notes to unaudited consolidated financial statements.

BRICK BREWING CO. LIMITED

Consolidated Statement of Income, Comprehensive Income and Deficit (unaudited)

	Third quarter ended		Fiscal year-to-date ended	
	October 31, 2010	October 31, 2009	October 31, 2010	October 31, 2009
Gross revenue <i>[note 2]</i>	\$ 16,200,106	\$ 15,717,895	\$ 50,393,971	\$ 51,141,174
Less production taxes and distribution fees	(9,088,043)	(8,437,835)	(27,199,594)	(26,903,965)
Net revenue	7,112,063	7,280,060	23,194,377	24,237,209
Cost of sales <i>[note 6]</i>	4,975,708	5,491,103	16,073,451	17,914,082
Gross profit	2,136,355	1,788,957	7,120,926	6,323,127
Selling, marketing and administration	1,124,734	1,067,183	3,699,876	3,122,059
Earnings before the undernoted	1,011,621	721,774	3,421,050	3,201,068
Other expense:				
Depreciation and amortization <i>[note 9]</i>	(579,577)	(328,187)	(1,393,559)	(1,382,990)
Interest on long-term debt	(39,412)	(34,610)	(102,074)	(111,511)
Other expense	(52,069)	(4,771)	(78,535)	(19,414)
	(671,058)	(367,568)	(1,574,168)	(1,513,915)
Net income before provision for income taxes	340,563	354,206	1,846,882	1,687,153
Future income tax provision	128,000	112,690	600,000	553,463
Net income and comprehensive income	212,563	241,516	1,246,882	1,133,690
Deficit, beginning of period	(12,106,064)	(13,613,924)	(13,140,383)	(14,506,098)
Deficit, end of period	\$ (11,893,501)	\$ (13,372,408)	\$ (11,893,501)	\$ (13,372,408)
Net earnings per share:				
Basic	\$ 0.01	\$ 0.01	\$ 0.04	\$ 0.04
Diluted	\$ 0.01	\$ 0.01	\$ 0.04	\$ 0.04

See accompanying notes to unaudited consolidated financial statements.

BRICK BREWING CO. LIMITED

Consolidated Statements of Cash Flows (unaudited)

	Third quarter ended		Fiscal year-to-date ended	
	October 31, 2010	October 31, 2009	October 31, 2010	October 31, 2009
Cash provided by (used in):				
Operations:				
Income for the period	\$ 212,563	\$ 241,516	\$ 1,246,882	\$ 1,133,690
Items not involving cash:				
Amortization of property, plant and equipment, and other assets	\$ 579,577	335,688	1,393,702	1,405,491
Stock based compensation	\$ 29,676	38,721	89,029	87,657
Future income tax provision	\$ 128,000	112,690	600,000	553,463
Change in non-cash operating working capital	\$ 208,821	(35,951)	(1,446,367)	(1,424,599)
	\$ 1,158,637	692,664	1,883,246	1,755,702
Financing:				
Increase (decrease) in bank indebtedness	\$ (202,990)	211,668	(548,447)	1,291,915
Proceeds from new term debt, net <i>[note 8]</i>	\$ 227,793	-	1,715,284	-
Repayment of long-term debt	\$ (150,000)	(408,150)	(358,350)	(865,650)
Repayment of obligation under capital lease	\$ (42,993)	(34,032)	(126,970)	(100,013)
Change in share capital, net of fees <i>[note 4]</i>	\$ (100,000)	-	(100,000)	3,200
	\$ (268,190)	(230,514)	581,517	329,452
Investing:				
Purchase of property, plant and equipment, and other assets	\$ (728,737)	(261,825)	(2,220,186)	(1,825,480)
Purchase of intangible assets	\$ (161,710)	(200,325)	(244,577)	(468,965)
	\$ (890,447)	(462,150)	(2,464,763)	(2,294,445)
Net decrease in cash	-	-	-	(209,291)
Cash, beginning of period	-	-	-	209,291
Cash, end of period	\$ -	\$ -	\$ -	\$ -
Supplemental cash flow information:				
Cash paid for interest	47,004	35,254	\$ 132,159	\$ 114,582
Non-cash investing and financing activities:				
Obligation under capital lease	\$ -	\$ -	\$ 73,321	\$ -

See accompanying notes to unaudited consolidated financial statements.

BRICK BREWING CO. LIMITED

Notes To The Consolidated Financial Statements (unaudited)

1. Basis of presentation

These unaudited interim financial statements of Brick Brewing Co. Limited (the "Company") have been prepared by management in accordance with Canadian generally accepted accounting principles ("GAAP") for interim financial statements. These statements have been prepared following the same accounting policies and methods of computation as the audited financial statements for the fiscal year ended January 31, 2010. The disclosures provided below are incremental to those included with the annual audited financial statements and certain disclosures, which are normally required to be included in the notes to the annual financial statements, have been condensed or omitted. These interim financial statements should be read in conjunction with the Company's financial statements, and the notes thereto, for the year ended January 31, 2010.

These interim consolidated financial statements for the periods ending October 31, 2010 and October 31, 2009 have not been audited or reviewed by the Company's external auditor.

2. Description of business

The Company operates three facilities serving primarily the Ontario market. The Company's primary business is the brewing and marketing of packaged beer as well as draught beer in kegs. The Company's products are marketed primarily through the facilities of The Beer Store and the Liquor Control Board of Ontario, which comprise 91% of gross revenue (2009 - 90%).

The Company experiences seasonal variations in sales and earnings with sales and earnings typically being highest in the second and third quarters and lowest in the first and fourth quarters of the fiscal year.

3. Future accounting changes

In February 2008, the Canadian Accounting Standards Board ("AcSB") confirmed that Canadian publically accountable entities will be required to adopt International Financial Reporting Standards ("IFRS") effective for fiscal years beginning on or after January 1, 2011. The Company's first annual consolidated IFRS financial statements will be prepared for the year ending January 31, 2012 and will include the comparative figures for the year ending January 31, 2011. Commencing in the first quarter ended May 1, 2011, the Company will issue unaudited consolidated financial information in accordance with IFRS, including comparative information.

The Company is in the process of transitioning its financial statement reporting to IFRS. The process will be ongoing as new standards and recommendations are issued by the International Accounting Standards Board and AcSB. Further details regarding the

Company's transition to IFRS are included in the Company's October 31, 2010 Management's Discussion and Analysis ("MD&A").

4. Share Capital

As at October 31, 2010, the Company had 28,121,385 common shares and 5,729,165 common share purchase warrants outstanding. At October 31, 2010, there were 1,349,000 options outstanding exercisable to acquire 1,349,000 common shares of the Company pursuant to the Company's stock option plan with the options having various expiry dates.

During the quarter ended October 31, 2010, the Company incurred legal costs in relation to the litigation referenced within note 7. The Company's insurer has confirmed that the Company has coverage for these defense costs, on an as incurred basis, under its Directors', Officers' and Company liability policy, subject to a deductible of \$100,000.

The Company has determined that the insurance deductible is an incremental cost that is incidental to the October 2008 private placement equity transaction. The Company has concluded that in the absence of the equity transaction and corresponding litigation, the insurance deductible would have been avoided and as such, has applied the \$100,000 cost as a reduction of share capital.

The existence of insurance coverage for defense costs will limit the extent to which future costs will impact share capital.

5. Segment information

Management has determined that the Company operates in a single industry segment which involves the production and sale of beer and other alcohol based products. A significant portion of the Company's operations, assets, sales and employees are in Ontario.

6. Related party transactions

One of the Company's vendors, Laidlaw Carriers Van LP, "Laidlaw", is subject to significant influence by one of the Company's directors. Laidlaw provided distribution services to the Company during the quarter ended October 31, 2010 aggregating to approximately \$84,000 (2009 - \$100,000). As at October 31, 2010, approximately \$45,500 (2009 - \$26,000) was payable to Laidlaw.

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

7. Contingency

On March 24, 2009, the Company announced that certain of its shareholders commenced a lawsuit against the Company claiming, among other things, that the non-brokered, non-arms' length private placement financing that closed on October 31, 2008 was prejudicial and unfairly disregarded them. The Corporation is of the view that the claim is without merit. The outcome of the lawsuit is not determinable and therefore, no amount has been recorded in these unaudited consolidated interim financial statements.

8. Long-term debt

During the second quarter of fiscal 2011, the Company finalized the availability of additional long-term debt of \$2.2 million. The term debt provides funding for the purchase and upgrade of certain equipment and will be drawn down as capital expenditures are made. As at October 31, 2010, \$1.7 million of the available term debt was advanced to the Company.

9. Depreciation and amortization

Depreciation during the third quarter of fiscal 2011 includes accelerated deprecation on certain assets due to management's revision of their estimated useful lives, as well as an impairment charge for products which were delisted at The Beer Store during the period.

Corporate Information

BRICK BRANDS

Waterloo Dark
Waterloo Wheat
Red Baron
Red Baron Light
Red Baron Lime
Red Baron Platinum Light
Formosa Springs Draft
Formosa Springs Draft Light
Red Cap Ale

LAKER

Laker Lager
Laker Light
Laker Red 5.5
Laker Honey
Laker Ale
Laker Strong 6.5
Laker Ice

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