

THE SECURITIES ACT

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Order No. 3980

)

Section 20

)

December 12, 2002

BIG ROCK BREWERY LTD.

WHEREAS:

(A) Big Rock Brewery Ltd. ("Big Rock") has applied to The Manitoba Securities Commission (the "Commission") for an order under subsection 20(1) of *The Securities Act*, R.S.M. 1988, c. S50 (the "Act") that certain trades of securities to be made in connection with a plan of arrangement (the "Arrangement"), under section 193 of the Business Corporations Act (Alberta) R.S.A. 2000 c. B-9, as amended (the "ABCA"), involving Big Rock, Big Rock Brewery Income Trust (the "Trust") and 1015047 Alberta Ltd. ("AcquisitionCo"), be exempted from the registration and prospectus requirements of sections 6 and 37 of the Act.

(B) Big Rock has represented to the Commission that:

1. Big Rock is a corporation incorporated under the ABCA, the authorized share capital of which consists of common shares (the "Common Shares") which are listed on The Toronto Stock Exchange ("TSX") and are also quoted on the National Association of Securities Dealers Automatic Quotations.

2. Big Rock is a reporting issuer or equivalent in each of the provinces of Alberta, British Columbia, Manitoba, Ontario and Saskatchewan and is not in default of any requirement of the securities legislation of those Provinces.

3. AcquisitionCo is a company incorporated under the ABCA as a subsidiary of the Trust.

4. Valiant Trust Company is a trust company incorporated under the laws of Alberta and is trustee for and on behalf of the Trust, which is a trust settled pursuant to the laws of the Province of Alberta.

5. AcquisitionCo and the Trust are not "reporting issuers" in any of the Provinces in Canada and the units of the Trust ("Trust Units") are not listed or posted for trading on any stock exchange or other trading market.

6. The Arrangement is conditional upon the Trust Units issued in connection with the Arrangement being approved for listing on the TSX.

7. Big Rock, AcquisitionCo and the Trust have entered into an agreement dated November 19, 2002 (the "Arrangement Agreement") with respect to the Arrangement, in order to provide for the reorganization of the affairs of Big Rock

and to provide for the occurrence of certain transactions, all as described in a joint management information and proxy circular dated November 19, 2002 (the "Information Circular").

8. The effect of the Arrangement will be to convert Big Rock from a corporate entity to a trust entity. The Arrangement will result in holders (the "Shareholders") of the common shares in the capital of Big Rock ("Common Shares") indirectly receiving Trust Units in exchange for their Common Shares.

9. Under the Arrangement, the following actions will occur, in the following order:

a) the shareholder rights plan of Big Rock and all outstanding rights under that plan to acquire Common Shares shall be terminated and be of no further force or effect;

b) the authorized capital of Big Rock will be amended by the creation of the Class "A" Shares, the Class "B" Shares and the Class "C" Shares and the Articles of Incorporation of Big Rock will be amended accordingly;

c) each of the issued and outstanding Common Shares (other than Common Shares held by dissenting shareholders) will be deemed to be exchanged for one Class "B" Share and one Class "C" Share and all of the previous outstanding Common Shares will be cancelled;

d) the Class "B" Shares will be transferred to AcquisitionCo in exchange for notes of AcquisitionCo ("Notes") on the basis of one Note in the Per Share Principal Amount for every one Class "B" Share held, resulting in the acquisition by AcquisitionCo of all of the issued and outstanding Class "B" Shares;

e) the Class "C" Shares will be transferred to the Trust in exchange for Trust Units on the basis of one Trust Unit for each Note and the Class "C" Share held, resulting in the acquisition by the Trust of all of the issued and outstanding Notes and the Class "C" Shares;

f) all rights, title and interests of former holders of outstanding options to purchase Common Shares under the Option Plan (the "Optionholders") who have executed an Option Cancellation Agreement (other than Dissenting Optionholders) which results in an in-the-money settlement amount right will have such right exchanged with AcquisitionCo for Notes on the basis of the In-the-Money Settlement Amount Exchange Ratio, which will, in turn, be transferred to the Trust in exchange for Trust Units on the basis of

one Trust Unit for each Note; any Remaining Options (other than Remaining Options held by a Dissenting Optionholder) which are not subject to an Option Cancellation Agreement and which have not, as at the Effective Time, been exercised by the Optionholder, will be deemed to have been exchanged for replacement Trust Unit Options;

g) each issued and outstanding AcquisitionCo Common Share will be deemed to be transferred from the Trust to Big Rock in exchange for 100 Class "A" Shares issued from Big Rock's treasury;

h) the Company and AcquisitionCo will be amalgamated and continue as one corporation, and:

i) all of the issued and outstanding Class "B" Shares, all of which will then be held by AcquisitionCo, will be and be deemed to be cancelled without any repayment of capital;

ii) all of the issued and outstanding AcquisitionCo Common Shares, all of which will then be held by Big Rock, will be and be deemed to be cancelled, without any repayment of capital; and

iii) the name of Amalco will be "Big Rock Brewery Ltd." and the articles of amalgamation of Amalco will be the same as the amended articles of incorporation of Big Rock.

i) all Common Shares held by any dissenting shareholders who exercise their right of dissent will, if the dissenting shareholder is ultimately entitled to be paid the fair value therefor, be deemed to be transferred to the Big Rock on the Effective Date in exchange for such fair value or will, if such dissenting shareholders ultimately are not so entitled to be paid the fair value therefor, be deemed to be transferred to the Trust on the Effective Date in exchange for Trust Units, on the same basis as all other Shareholders pursuant to the Arrangement.

10. Upon the completion of the Arrangement, the Trust will be the holder of all issued and outstanding Amalco Class "A" Shares, Amalco Class "C" Shares and Notes, the Shareholders will hold Units in the Trust and the Optionholders will hold either Units or Trust Unit Options.

11. The Information Circular contains a detailed description of the Arrangement, as well as prospectus-like disclosure concerning Big Rock, AcquisitionCo and the Trust and their respective businesses and affairs. All of the Shareholders and Optionholders of Big Rock will have had an opportunity to review the Information Circular and to consider the terms of the Arrangement before the meeting on January 8, 2003 called for approval of the Arrangement. Shareholders will by then have been provided with all material information necessary in order to allow them to make a reasoned decision as to whether or not to approve the Arrangement. In order to be effective, the Arrangement is required to receive the approval of at least two-thirds of the votes cast by the Shareholders and Optionholders of Big Rock at their meeting on January 8, 2003.

12. An Interim Order dated November 19, 2002 has been obtained from the Court of Queen's Bench (Alberta) (the "Court") conditionally approving the Arrangement. Before becoming effective, the Arrangement will require approval by final order of the Court.

(C) The Commission is of the opinion that it would not be prejudicial to the public interest to grant the order requested by the Applicant.

IT IS ORDERED:

1. **THAT** pursuant to subsection 20(1) of the Act, all trades in connection with the Arrangement are exempt from Sections 6 and 37 of the Act.
2. **THAT** the fee for this order shall be \$1000.00.

BY ORDER OF THE COMMISSION.

Deputy-Director - Legal