
GAGE ROADS BREWING CO LIMITED

ACN 103 014 320

NOTICE OF ANNUAL GENERAL MEETING

TIME: 11:30 am (WST)

DATE: 19 November 2020

PLACE: Cygnet Room, Optus Stadium, Roger MacKay Dr, Burswood, Western Australia.

This Notice of Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisers prior to voting.

Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary on (+61 8) 9314 0000.

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TIME AND PLACE OF MEETING AND HOW TO VOTE

VENUE

The Annual General Meeting of the Shareholders to which this Notice of Meeting relates will be held at 11:30 am (WST) on 19 November 2020 at Cygnet Room, Optus Stadium, Roger MacKay Dr, Burswood, Western Australia.

YOUR VOTE IS IMPORTANT

The business of the Annual General Meeting affects your shareholding and your vote is important.

VOTING IN PERSON

To vote in person, attend the Annual General Meeting on the date and at the place set out above.

VOTING BY PROXY

To vote by proxy, please complete and sign the enclosed Proxy Form and return by the time and in accordance with the instructions set out on the Proxy Form.

In accordance with section 249L of the Corporations Act, members are advised that:

- each member has a right to appoint a proxy;
- the proxy need not be a member of the Company; and
- a member who is entitled to cast 2 or more votes may appoint 2 proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If the member appoints 2 proxies and the appointment does not specify the proportion or number of the member's votes, then in accordance with section 249X(3) of the Corporations Act, each proxy may exercise one-half of the votes.

Shareholders and their proxies should be aware that changes to the Corporations Act made in 2011 mean that:

- if proxy holders vote, they must cast all directed proxies as directed; and
- any directed proxies which are not voted will automatically default to the Chair, who must vote the proxies as directed.

BUSINESS OF THE MEETING

Notice is given that the Annual General Meeting of Shareholders will be held at 11:30 am (WST) on 19 November 2020 at the Cygnet Room, Optus Stadium, Roger MacKay Dr, Burswood, Western Australia.

The Explanatory Statement to this Notice of Meeting provides additional information on matters to be considered at the Annual General Meeting. The Explanatory Statement and the Proxy Form are part of this Notice of Meeting.

The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Annual General Meeting are those who are registered Shareholders at 4.00 pm (WST) on 17 November 2020.

Terms and abbreviations used in this Notice of Meeting and Explanatory Statement are defined in the Glossary.

AGENDA

1. FINANCIAL STATEMENTS AND REPORTS

To receive and consider the annual financial report of the Company for the financial year ended 30 June 2020 together with the declaration of the Directors, the Director's report, the Remuneration Report and the Auditor's report.

2. RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

To consider and, if thought fit, to pass, with or without amendment, the following resolution as a **non-binding resolution**:

“That, for the purposes of section 250R(2) of the Corporations Act and for all other purposes, approval is given for the adoption of the Remuneration Report as contained in the Company’s annual financial report for the financial year ended 30 June 2020.”

Note: the vote on this Resolution is advisory only and does not bind the Directors or the Company.

Voting Prohibition Statement:

A vote on this Resolution must not be cast (in any capacity) by or on behalf of either of the following persons:

- (a) a member of the Key Management Personnel, details of whose remuneration are included in the Remuneration Report; or
- (b) a Closely Related Party of such a member.

However, a person (the **voter**) described above may cast a vote on this Resolution as a proxy if the vote is not cast on behalf of a person described above and either:

- (a) the voter is appointed as a proxy by writing that specifies the way the proxy is to vote on this Resolution; or
- (b) the voter is the Chair and the appointment of the Chair as proxy:
 - (i) does not specify the way the proxy is to vote on this Resolution; and
 - (ii) expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

3. RESOLUTION 2 – CHANGE OF COMPANY NAME

To consider and, if thought fit, to pass, the following resolution as a **special resolution**:

““That, with effect from date that ASIC alters the details of the Company’s registration in accordance with section 157 of the Corporations Act, the name of the Company be changed to Good Drinks Australia Ltd.”

4. RESOLUTION 3 – RE-ELECTION OF DIRECTOR – ROBERT GOULD

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, for the purpose of clause 13.2 of the Constitution and for all other purposes, Mr Robert Gould, a Director, retires by rotation, and being eligible, is re-elected as a Director.”

5. RESOLUTION 4 – RATIFICATION OF PRIOR ISSUE OF PLACEMENT SHARES

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, for the purposes of ASX Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of up to 100,000,000 Shares on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast in favour of the Resolution by or on behalf of a person who participated in the issue and any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

6. RESOLUTION 5 – RE-ADOPTION OF EXECUTIVE AND EMPLOYEE SHARE PLAN

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, for the purposes of ASX Listing Rule 7.2 (Exception 13) and for all other purposes, approval is given for the Company to re-adopt an employee incentive scheme titled Executive and Employee Share Plan and for the issue of securities under that Plan, on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast on this Resolution by any person eligible to participate in the employee incentive scheme or an associate of that or those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Voting Prohibition Statement:

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
 - (i) a member of the Key Management Personnel; or
 - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

However, the above prohibition does not apply if:

- (a) the proxy is the Chair; and

- (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

7. RESOLUTION 6 – ISSUE OF SHARES TO MR GRAEME WOOD UNDER THE EXECUTIVE AND EMPLOYEE SHARE PLAN AND GRANT OF AN INTEREST FREE LOAN

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, for the purposes of ASX Listing Rule 10.14 and for all other purposes, approval is given for the Directors to issue and allot 3,000,000 Shares to Mr Graeme Wood or his nominee under the Executive and Employee Share Plan and to grant an interest free loan in relation to the subscription price of the Shares on the terms and conditions set out in the Explanatory Statement”.

Voting Exclusion: The Company will disregard any votes cast on this Resolution by a person referred to in Listing Rule 10.14.1, 10.14.2 or 10.14.3 who is eligible to participate in the employee incentive scheme in question (including Graeme Wood) and any of their associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Voting Prohibition Statement:

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
- (i) a member of the Key Management Personnel; or
 - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

However, the above prohibition does not apply if:

- (c) the proxy is the Chair; and
- (d) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

DATED: 19 OCTOBER 2020

BY ORDER OF THE BOARD



**MR MARCEL BRANDENBURG
GAGE ROADS BREWING CO LIMITED
COMPANY SECRETARY**

EXPLANATORY STATEMENT

This Explanatory Statement has been prepared for the information of the Shareholders in connection with the business to be conducted at the Annual General Meeting to be held at 11:30 am (WST) on 19 November 2020 at the Cygnet Room, Optus Stadium, Roger MacKay Dr, Burswood, Western Australia.

The purpose of this Explanatory Statement is to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions.

1. FINANCIAL STATEMENTS AND REPORTS

In accordance with the Constitution, the business of the Annual General Meeting will include receipt and consideration of the annual financial report of the Company for the financial year ended 30 June 2020 together with the declaration of the Directors, the Directors' report, the Remuneration Report and the auditor's report.

The Company will not provide a hard copy of the Company's annual financial report to Shareholders unless specifically requested to do so. The Company's annual financial report is available on its website at www.gageroads.com.au.

2. RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

2.1 General

The Corporations Act requires that at a listed company's annual general meeting, a resolution that the remuneration report be adopted must be put to the Shareholders. However, such a resolution is advisory only and does not bind the company or the directors of the company.

The remuneration report sets out the entity's remuneration arrangements for its directors and senior management. The remuneration report is part of the directors' report contained in the annual financial report of the entity for a financial year.

The chair of the meeting must allow a reasonable opportunity for its shareholders to ask questions about or make comments on the remuneration report at the annual general meeting.

2.2 Voting consequences

A company is required to put to its shareholders a resolution proposing the calling of another meeting of shareholders to consider the appointment of directors of the company (**Spill Resolution**) if, at consecutive annual general meetings, at least 25% of the votes cast on a remuneration report resolution are voted against adoption of the remuneration report and at the first of those annual general meetings a Spill Resolution was not put to vote. If required, the Spill Resolution must be put to vote at the second of those annual general meetings.

If more than 50% of votes cast are in favour of the Spill Resolution, the company must convene a shareholder meeting (**Spill Meeting**) within 90 days of the second annual general meeting.

All of the directors of the company who were in office when the directors' report (as included in the company's annual financial report for the most recent financial year) was approved, other than the managing director of the company, will cease to hold office immediately before the end of the Spill Meeting but may stand for re-election at the Spill Meeting.

Following the Spill Meeting those persons whose election or re-election as directors of the company is approved will be the directors of the company.

2.3 Previous voting results

At the Company's previous annual general meeting the votes cast against the remuneration report considered at that annual general meeting were less than 25%. Accordingly, the Spill Resolution is not relevant for this Annual General Meeting.

3. RESOLUTION 2 – CHANGE OF COMPANY NAME

3.1 General

Section 157(1) (a) of the Corporations Act provides that a company may change its name if the company passes a special resolution adopting a new name. Resolution 2 seeks the approval of Shareholders for the Company to change its name to Good Drinks Australia Limited.

If Resolution 2 is passed, the change of name will take effect from the day on which ASIC alters the details of the Company's registration. The proposed name has been reserved by the Company and if Resolution 2 is passed, the Company will lodge a copy of the special resolution with ASIC on completion of the meeting in order to effect the change. The Company also seeks approval under section 136(2) of the Corporations Act to amend the Company's constitution to reflect the change of name.

The Company has over recent years expanded its sales, distribution and marketing footprint beyond just the Gage Roads range and now represents product ranges under the Atomic Beer Project, Alby, Hello Sunshine, Matso's and San Miguel brands. This shift has meant the Company has transitioned from a branded house to a house of brands.



The Board proposes this change of name on the basis that it more accurately reflects the changed nature and future operations of the Company.

The Company will apply to have its ASX code changed from GRB to GDA subject to the passing of this resolution.

3.2 Board recommendation

The Board recommend that Shareholders vote in favour of Resolution 2.

4. RESOLUTION 3 – RE-ELECTION OF DIRECTOR – ROBERT GOULD

4.1 General

Clause 13.2 of the Constitution sets out the requirements for determining which Directors are to retire by rotation at an annual general meeting.

Mr Robert Gould, the Director longest in office since his last election, retires by rotation and seeks re-election.

4.2 Qualifications and other material directorships

Robert Gould has held a number of roles in finance and the management and guidance of start-up, early stage and fast growing companies. His experience includes international mergers and acquisition activity and previous management of a venture capital fund with \$113m under management. Robert was a seed capital investor in Gage Roads in 2003.

4.3 Independence

If elected, the board considers Mr Gould will be an independent Director.

4.4 Board recommendation

The Board support Mr Gould's re-election and recommend that Shareholders vote in favour of Resolution 3.

5. RESOLUTION 4 – RATIFICATION OF PRIOR ISSUE OF PLACEMENT SHARES

5.1 General

As announced to ASX on 14 July 2020, the Company issued 100,000,000 Shares to institutional and professional investors to raise \$5.2 million (**Placement**).

The Company engaged the services of Argonaut Securities Pty Ltd and Petra Capital Pty Limited to joint lead manage the Placement (**JLMs**). The Company agreed to pay the JLMs a fee of \$260,000, being 5% of the amount raised under the issue of the Placement Shares.

The Company issued these Shares under its existing 15% placement capacity.

Resolution 4 seeks Shareholder ratification pursuant to ASX Listing Rule 7.4 for the issue of those Shares (**Ratification**).

ASX Listing Rule 7.1 provides that a Company must not, subject to specified exceptions, issue or agree to issue more equity securities during any 12-month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12-month period.

The issue of the Placement Shares does not fit within any of the exceptions set out in Listing Rule 7.2 and, as it has not yet been approved by Shareholders, it effectively uses up part of the 15% limit in Listing Rule 7.1, reducing the Company's capacity to issue further equity securities without Shareholder approval under Listing Rule 7.1 for the 12 month period following the date of issue of the Placement Shares.

ASX Listing Rule 7.4 sets out an exception to ASX Listing Rule 7.1. It provides that where a Company in general meeting ratifies the previous issue of securities made pursuant to ASX Listing Rule 7.1 (and provided that the previous issue did not breach ASX Listing Rule 7.1) those securities will be deemed to have been made with Shareholder approval for the purpose of ASX Listing Rule 7.1.

By ratifying the issue of Shares made pursuant to the Placement, the Company will retain the flexibility to issue equity securities in the future up to the 15% annual placement capacity set out in ASX Listing Rule 7.1 without the requirement to obtain prior Shareholder approval.

5.2 Technical information required by ASX Listing Rule 14.1A

If Resolution 4 is passed, the Placement Shares will be excluded in calculating the Company's combined 15% limit in Listing Rules 7.1, effectively increasing the number of equity securities the Company can issue without Shareholder approval over the 12 month period following the date of issue of the Placement Shares.

If Resolution 5 is not passed, the Placement Shares will be included in calculating the Company's combined 15% limit in Listing Rules 7.1, effectively decreasing the number of equity securities that the Company can issue without Shareholder approval over the 12 month period following the date of issue of the Placement Shares.

5.3 Technical information required by ASX Listing Rule 7.4

Pursuant to and in accordance with ASX Listing Rule 7.5, the following information is provided in relation to the Ratification:

- (a) 100,000,000 Shares were issued pursuant to the Placement;
- (b) the issue price was \$0.052 per Share and the Company will not receive any other consideration for the issue of the Placement Shares;
- (c) the Placement Shares were issued on 14 July 2020;
- (d) the Shares issued are fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (e) the Shares were issued to professional and institutional clients of Argonaut Securities Pty Ltd and Petra Capital Pty Ltd, who were identified through a bookbuild process, which involved the JLMs seeking expressions of interest to participate in the capital raising from non-related parties of the Company;
- (f) In accordance with Paragraph 7.4 of the ASX Guidance Note 21, Perennial Value Management Limited, a substantial holder of the Company, received more than 1% of the issued capital of the Company.

The Company confirms that, other than Perennial Value Management Limited, none of the recipients were:

- (i) related parties of the Company, members of the Company's Key Management Personnel, substantial holders of the Company, advisers of the Company or an associate of any of these parties; and
- (ii) issued more than 1% of the issued capital of the Company; and
- (g) the funds raised from this issue were applied towards:
 - (i) strengthening the Company's balance sheet and providing financial flexibility; and
 - (ii) the costs of the Placement; and
- (h) other than the agreement with the JLMs (the material terms of which are summarised in Section 5.1), the Placement Shares were not issued under an agreement.

6. RESOLUTION 5 – RE-ADOPTION OF EXECUTIVE AND EMPLOYEE SHARE PLAN

6.1 General

Resolution 5 seeks Shareholder approval for the re-adoption of the employee incentive scheme titled 'Executive and Employee Share Plan' (**Plan**) in accordance with ASX Listing Rule 7.2 (Exception 13(b)). The Plan was formally adopted at the Company's 2011 Annual General Meeting held on 29 September 2011 and was last re-adopted at the Company's 2017 Annual General Meeting held on 23 November 2017.

ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue more equity securities during any 12-month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12-month period. ASX Listing Rule 7.2 (Exception 13(b)) sets out an exception to ASX Listing Rule 7.1 which provides that issues under an employee incentive scheme are exempt for a period of 3 years from the date on which shareholders approve the issue of securities under the scheme as an exception to ASX Listing Rule 7.1.

Exception 13(b) is only available if and to the extent that the number of equity securities issued under the scheme does not exceed the maximum number set out in the entity's notice of meeting dispatched to shareholders in respect of the meeting at which shareholder approval was obtained pursuant to Listing Rule 7.2 (Exception 13(b)). Exception 13(b) also ceases to be

available if there is a material change to the terms of the scheme from those set out in the notice of meeting.

If Resolution 5 is passed, the Company will be able to issue Shares under the Plan (**Plan Shares**) to eligible participants (up to the maximum number of Shares stated in Section 7.2(c) below) over a period of 3 years without impacting on the Company's ability to issue up to 15% of its total ordinary securities without Shareholder approval in any 12-month period.

If Resolution 5 is not passed, the Company will be able to proceed with the issue of Shares under the Plan to eligible participants, but any issues of Shares will reduce, to that extent, the Company's capacity to issue equity securities without Shareholder approval under Listing Rule 7.1 for the 12 month period following the issue of the Shares.

The objective of the Plan is to attract, motivate and retain key employees and it is considered by the Company that the adoption of the Plan and the future issue of Shares under the Plan will provide selected employees with the opportunity to participate in the future growth of the Company. Additionally, the Plan will continue to be used as part of the remuneration planning for executive Directors and employees who are Eligible Participants under the Plan.

A material feature of the Plan is the issue of Shares pursuant to the Plan may be undertaken by way of provision of a non-recourse, interest free loan to be used for the purposes of subscribing for the Shares based on a price that will be not less than the volume weighted average price at which Shares were traded on the ASX over the 10 trading days up to and including the date of acceptance of the offer.

Any future issues of Shares under the Plan to a related party (or a person whose relation with the Company or the related party is, in ASX's opinion, such that approval should be obtained) will require additional Shareholder approval under ASX Listing Rule 10.14 at the relevant time.

A summary of the key terms and conditions of the Plan is set out in Schedule A. In addition, a copy of the Plan is available for review by Shareholders at the registered office of the Company until the date of the Meeting. A copy of the Plan can also be sent to Shareholders upon request to the Company Secretary. Shareholders are invited to contact the Company if they have any queries or concerns.

6.2 Technical information required by ASX Listing Rule 7.2 (Exception 13)

Pursuant to and in accordance with Listing Rule 7.2 (Exception 13), the following information is provided in relation to Resolution 6:

- (a) a summary of the key terms and conditions of the Plan is set out in Schedule A;
- (b) the Company has issued 38,673,155 Shares under the Plan since the Plan was last approved by Shareholders on 23 November 2017; and
- (c) the maximum number of Shares proposed to be issued under the Plan, following Shareholder approval is 56,062,893, not including securities issued under the plan to exempt persons (like directors and senior management). It is not envisaged that the maximum number of Shares for which approval is sought will be issued immediately.

6.3 Board recommendation

The Board recommend that Shareholders vote in favour of Resolution 5.

7. RESOLUTIONS 6 – ISSUES OF SHARES TO GRAEME WOOD UNDER THE EXECUTIVE AND EMPLOYEE SHARE PLAN

7.1 Background

The Company may issue Incentive Shares to Eligible Employees in accordance with the Company's Executive and Employee Share Plan (**Plan**) as last approved by Shareholders on

the 23 November 2017 and for which Shareholder approval is sought at this Meeting under Resolution 5.

The Incentive Shares to be issued pursuant to the Plan are in consideration for services rendered by existing and any new Eligible Employees who are appointed in the future. The Company feels that Incentive Shares are effective consideration to Eligible Employees for their ongoing commitment and contribution to the Company.

Where the Company offers to issue Incentive Shares to an Eligible Employee, the Company may offer to provide that Eligible Employee a limited recourse, interest free loan to be used for the purposes of subscribing for the Incentive Shares in the Company in accordance with the terms of the Plan (as set out in Schedule A).

7.2 General

The Company has agreed, subject to obtaining Shareholder approval, to the provision of a non-recourse, interest free loan (**Loan**) to Director Graeme Wood (**Related Party**) to subscribe for 3,000,000 Incentive Shares under the Company's Executive and Employee Share Plan on the terms and conditions set out below.

The primary purpose of the grant of the Loan and issue of Incentive Shares to Graeme Wood is to provide a market, tenure and earnings linked incentive package in his capacity as Director and to provide effective consideration for his ongoing commitment and contribution to the Company as a Director of the Company.

The deemed issue price of the Incentive Shares and corresponding Loan offer will be \$0.052 per Share, which represents a 13.5% discount to the last closing price of the Company's Shares on 16 October 2020 (\$0.059).

7.3 Restriction Conditions

The Incentive Shares will be subject to the following restriction conditions that Graeme Wood must satisfy before the Incentive Shares can be sold, transferred, or encumbered:

| Tranche | Quantity | Tenure Condition | Earnings Condition |
|---------|----------|------------------|--------------------|
| 1 | 20% | 3 years | 95% |
| 2 | 20% | 3 years | 95% |
| 3 | 20% | 3 years | 95% |
| 4 | 20% | 4 years | 95% |
| 5 | 20% | 5 years | 95% |

Tenure Condition: The Tenure Condition will be satisfied for the first three tranches if the Related Party is an Eligible Employee at a date 36 months after the date of issue. The Tenure Condition will be satisfied for the fourth tranche if the Related Party is an Eligible Employee at a date 48 months after the date of issue. The Tenure Condition will be satisfied for the fifth tranche if the Related Party is an Eligible Employee at a date 60 months after the date of issue. For Non-Executive Directors, the Tenure Conditions will be deemed to be satisfied provided the Director offers himself or herself for re-election at general meetings of Shareholders as required by the Company's constitution.

Earnings Condition: The Earnings Condition will be satisfied for the each year's tranche if at least 95% of the current internal board approved expected earnings before interest tax depreciation and amortisation (EBITDA) for that year is achieved.

Other Satisfaction: Should a restriction condition not be satisfied in a particular year the Incentive Shares will not be forfeited immediately as the condition may be satisfied or waived under the following conditions:

- (a) *Share Value Condition*: Provided the Tenure Condition has been satisfied but the Earnings Condition has not been satisfied with regards to a particular tranche, if at any time after that year and during the term of the loan the 30-day ordinary share volume weighted average price (VWAP) provides an internal rate of return of at least 32% when compared to the \$0.052 issue price at the placement made in July 2020, all restriction conditions with regards to that particular tranche will be immediately waived, or
- (b) *Takeover Provision*: Where a takeover bid for the Company's issued shares is declared unconditional and the bidder has acquired a relevant interest in at least 50.1% of the Company's issued shares, all restriction conditions applying to any Incentive Shares will be immediately waived, or
- (c) *Compromise or Arrangement*: Where a court approves under Section 411(4)(b) of the Corporations Act a proposed compromise or arrangement for the purposes of or in connection with a scheme for the reconstruction of the Company or its amalgamation with any other Company, all restriction conditions applying to any Incentive Shares will be immediately waived, or
- (d) *Death and Permanent Disability*: Where an Eligible Employee dies or as a result of a total and permanent disability fails to meet any Tenure Condition with regards to a particular tranche, the loan will remain in place and at any time during the term of the loan the 30-day ordinary share volume weighted average price (VWAP) provides an internal rate of return of at least 32% when compared to the issue price and date at which the shares were issued, all restriction conditions with regards to that particular tranche will be immediately waived, or
- (e) *Good Leaver Exceptions*: The approved Plan provides the Board discretion to waive restriction conditions in certain circumstances.

7.4 ASX Listing Rule 10.14

Listing Rule 10.14 provides that an entity must not permit any of the following persons to acquire equity securities under an employee incentive scheme without the approval of the holders of its ordinary securities:

- 10.14.1 a director of the entity;
- 10.14.2 an associate of a director of the entity; or
- 10.14.3 a person whose relationship with the entity or a person referred to in Listing Rules 10.14.1 to 10.14.2 is such that, in ASX's opinion, the acquisition should be approved by security holders.

The issue of the Incentive Shares to Graeme Wood falls within Listing Rule 10.14.1 and therefore requires the approval of Shareholders under Listing Rule 10.14.

Resolution 6 seeks the required Shareholder approval for the issue of the Incentive Shares under and for the purposes of Listing Rule 10.14.

7.5 Technical information required by ASX Listing Rule 14.1A

If Resolution 6 is passed, the Company will be able to proceed with the issue of the Incentive Shares to the Related Party under the Plan within three years after the date of the Meeting (or such later date as permitted by any ASX waiver or modification of the Listing Rules). As approval pursuant to Listing Rule 7.1 is not required for the issue of the Incentive Shares (because approval is being obtained under Listing Rule 10.14), the issue of the Incentive Shares will not use up any of the Company's 15% annual placement capacity.

If Resolution 6 is not passed, the Company will not be able to proceed with the issue of the Incentive Shares to the Related Party under the Incentive Plan and will have to consider alternative forms of incentive remuneration for Graeme Wood.

7.6 Chapter 2E of the Corporations Act

For a public Company, or an entity that the public Company controls, to give a financial benefit to a related party of the public Company, the public Company or entity must:

- (a) obtain the approval of the public Company's members in the manner set out in sections 217 to 227 of the Corporations Act; and
- (b) give the benefit within 15 months following such approval,

unless the giving of the financial benefit falls within an exception set out in sections 210 to 216 of the Corporations Act.

The provision of the Loan to Graeme Wood requires the Company to obtain Shareholder approval because:

- (a) the non-recourse, interest free loan to acquire the Incentive Shares constitutes giving a financial benefit; and
- (b) as a Directors, Graeme Wood is a related party of the Company.

It is the view of the Directors (other than Graeme Wood) that the exception set out in Section 211 of the Corporations Act applies in the current circumstances. Accordingly, Shareholder approval is not being sought for the issue of the Incentive Shares to Graeme Wood under the Plan for the purpose of Chapter 2E of the Corporations Act.

7.7 Information required by ASX Listing Rule 10.15

Pursuant to and in accordance with the requirements of ASX Listing Rule 10.15, the following information is provided in relation to Resolution 7:

- (a) the related party is Graeme Wood and he is a related party by virtue of being a Director of the Company (Listing Rule 10.14.1);
- (b) the maximum amount of the Loan (being the nature of the financial benefit) to be provided to Graeme Wood (or his nominee) will be approximately \$156,000, which is calculated by multiplying the issue price of the Incentive Shares (being \$0.052 per Incentive Share) by that number of Incentive Shares which equals \$156,000, being 3,000,000 Incentive Shares;
- (c) the current total remuneration package for Graeme Wood is \$84,185, comprising of directors' fees of \$75,000 and a superannuation payment of \$7,125. If the Loan is advanced and the Incentive Shares are issued, the total annual remuneration package of Graeme Wood will increase by \$8,340 to \$92,525 being the value of the Incentive Shares (per Black Scholes Valuation Model: total \$41,700, expensed over 5 years);
- (d) The issue price of the Incentive Shares under the Loan will be deemed to be \$0.052 per Share;
- (e) The reasons for the provision of the Loan and issue of Incentive Shares to Graeme Wood is set out in Section 8.1 above;
- (f) no related parties of the Company have received any Incentive Shares under the Plan since it was last approved by Shareholders on 23 November 2017;
- (g) any Director of the Company or any subsidiary (if any) is entitled to participate in the Plan. As at the date of this Notice, all of the Directors are eligible to participate in the Plan;
- (h) the Loan funds for the Shares will be advanced to Graeme Wood in accordance with the terms of the Plan. The amount of the Loan provided to the Related Party will be

approximately \$156,000 to Graeme Wood (based on an issue price of \$0.052 per Incentive Share) and this is therefore the value ascribed to the Incentive Shares by the Company;

- (i) no funds will be raised from the issue of the Incentive Shares as there will be no change to the Company's cash position (ie the Loan made by the Company will be used to subscribe for the Incentive Shares to be issued to Graeme Wood).
- (j) The Loan will be provided under the terms and conditions of the Plan, which is summarised as Schedule A;
- (k) The key terms of the Loan are as follows:
 - (i) the repayment term of the Loan to Graeme Wood shall be seven (7) years. The Loan must be repaid in full by the expiry of the repayment term, but Graeme Wood may elect to repay the Loan at any time prior to the repayment date;
 - (ii) the Loan shall be interest free;
 - (iii) the Loan shall be applied by the Company directly toward payment of the issue price of the Incentive Shares;
 - (iv) the Company shall have a lien over the Shares in respect of which a loan is outstanding and the Company shall be entitled to sell those Shares in accordance with the terms of the Plan if the loan is not repaid when due; and
 - (v) the Loan is non-recourse except against the Incentive Shares held by Graeme Wood to which the Loan relates;
- (l) the value of the Loan is \$41,700 using the Black & Scholes valuation methodology and based on the following assumptions:
 - (i) a valuation date of 9 October 2020;
 - (ii) a deemed issue price of \$0.052 per Share and corresponding Loan principal of \$156,000;
 - (iii) a current market price of \$0.059 per Share. Shareholders should also note that the market price of Shares during the term of the Loan will affect the value of the financial benefit provided to the Eligible Participants;
 - (iv) a risk free interest rate of 0.32% per annum;
 - (v) a Loan term of 5 years. Shareholders should note that the actual term of the Loan may be shorter (eg where the Eligible Participant ceases to be an employee of the Company, an event of insolvency occurs in respect of the Eligible Participant, or, the Eligible Participant elects to repay the Loan early). The actual term of the Loan will affect the value of the financial benefit provided to the Eligible Participants; and
 - (vi) a Share price volatility of 30%;
- (m) the Incentive Shares to be issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares (other than the transfer restrictions summarised in Section 8.3 above); and
- (n) the Incentive Shares will be issued to Graeme Wood no later than three years after the date of the Meeting (or such later date as permitted by any ASX waiver or modification of the ASX Listing Rules) and it is anticipated the Shares will be issued as soon as practicable after Shareholders approve Resolutions 7;

- (o) details of any Shares issued under the Plan will be published in the annual report of the Company relating to the period in which they were issued, along with a statement that approval for the issue was obtained under Listing Rule 10.14; and
- (p) any additional persons covered by Listing Rule 10.14 who become entitled to participate in an issue of Shares under the Plan after this Resolution is approved and who were not named in this Notice will not participate until approval is obtained under Listing Rule 10.14.

Approval pursuant to ASX Listing Rule 7.1 is not required in order to issue the Shares to the Graeme Wood as approval is being obtained under ASX Listing Rule 10.14. Accordingly, the issue of Shares to Graeme Wood will not be included in the 15% calculation of the Company's annual placement capacity pursuant to ASX Listing Rule 7.1.

7.8 Board recommendation

The Board recommend that Shareholders vote in favour of Resolution 6.

8. ENQUIRIES

Shareholders may contact the Company Secretary, Mr Marcel Brandenburg, on (+61 8) 9314 0000 or at investors@gageroads.com.au if they have any queries in respect of the matters set out in these documents.

GLOSSARY

\$ means Australian dollars.

10% Placement Capacity has the meaning given in Section 5.1.

Annual General Meeting or Meeting means the meeting convened by the Notice.

ASIC means the Australian Securities & Investments Commission.

ASX means ASX Limited (ACN 008 624 691) or the financial market operated by ASX Limited, as the context requires.

ASX Listing Rules means the Listing Rules of ASX.

Board means the current board of Directors of the Company.

Business Day means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day, and any other day that ASX declares is not a business day.

Chair means the chair of the Meeting.

Closely Related Party of a member of the Key Management Personnel means:

- (a) a spouse or child of the member;
- (b) a child of the member's spouse;
- (c) a dependent of the member or the member's spouse;
- (d) anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealing with the entity;
- (e) a Company the member controls; or
- (f) a person prescribed by the Corporations Regulations 2001 (Cth) for the purposes of the definition of 'closely related party' in the Corporations Act.

Company means Gage Roads Brewing Co Ltd (ACN 103 014 320).

Constitution means the Company's constitution.

Corporations Act means the *Corporations Act 2001* (Cth).

Directors means the current Directors of the Company.

Eligible Entity means an entity that, at the date of the relevant general meeting:

- (a) is not included in the S&P/ASX 300 Index; and
- (b) has a maximum market capitalisation (excluding restricted securities and securities quoted on a deferred settlement basis) of \$300,000,000.

Equity Securities includes a Share, a right to a Share or Option, an Option, a convertible security and any security that ASX decides to classify as an Equity Security.

Explanatory Statement means the explanatory statement accompanying the Notice.

Key Management Personnel has the same meaning as in the accounting standards issued by the Australian Accounting Standards Board and means those persons having authority and responsibility for

planning, directing and controlling the activities of the Company, or if the Company is part of a consolidated entity, of the consolidated entity, directly or indirectly, including any Director (whether executive or otherwise) of the Company, or if the Company is part of a consolidated entity, of an entity within the consolidated group.

Notice or **Notice of Meeting** means this notice of meeting including the Explanatory Statement and the Proxy Form.

Option means an option to acquire a Share.

Ordinary Securities has the meaning set out in the ASX Listing Rules.

Plan means the Gage Roads Executive and Employee Share Plan.

Proxy Form means the proxy form accompanying the Notice.

Remuneration Report means the remuneration report set out in the Director's report section of the Company's annual financial report for the year ended 30 June 2020.

Resolutions means the resolutions set out in the Notice, or any one of them, as the context requires.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a registered holder of a Share.

Variable A means "A" as set out in the formula in ASX Listing Rule 7.1A(2).

WST means Western Standard Time as observed in Perth, Western Australia.

SCHEDULE A - SUMMARY OF EXECUTIVE AND EMPLOYEE SHARE PLAN

Outlined below is a summary of the key terms of the Company's Executive and Employee Share Plan.

- (a) **Eligibility:** The Plan is available to full time and part time employees or Directors of the Company (**Eligible Employee**). A Eligible Employee may nominate an associate to participate in the Plan in their place.
- (b) **Administration of Plan:** The Board is responsible for the operation of the Plan and has a broad discretion to determine which Eligible Employees will be offered Shares under the Plan.
- (c) **Offer:** The Board may issue an offer to an Eligible Employee to participate in the Plan (**Offer**).
The Offer:
 - (i) will invite application for the number of Shares specified in the Offer (or specify the manner in which the number of Shares is to be calculated);
 - (ii) will specify the issue price for the Shares or the manner in which the issue price is to be calculated;
 - (iii) the amount payable to subscribe for the Shares, or the manner in which the amount is to be calculated;
 - (iv) may invite application for a loan up to the amount payable in respect of the Shares accepted in accordance with the Offer;
 - (v) will specify any restriction conditions applying to the Shares;
 - (vi) will specify an acceptance period; and
 - (vii) will specify any other terms and conditions attaching to the Shares.
- (d) **Issue price:** The issue price of each Share shall be determined by the Board in its absolute discretion, and may be nil.
- (e) **Quotation on ASX:** The Company will apply for each Plan Share to be admitted to trading on ASX upon issue of the Share. Quotation will be subject to the ASX Listing Rules and any holding lock applying to the Shares.
- (f) **Rights attaching to Shares:** Each Share shall be issued on the same terms and conditions as the Company's issued Shares (other than in respect of transfer restrictions imposed by the Plan) and it will rank equally with all other issued Shares from the issue date except for entitlements which have a record date before the issue date.
- (g) **Loan:** An Eligible Employee who is invited to subscribe for Shares may also be invited to apply for a loan up to the amount payable in respect of the Shares accepted (**Loan**), on the following terms:
 - (i) the Loan will be interest free unless otherwise agreed;
 - (ii) the Loan shall be applied by the Company directly toward payment of the issue price of the Shares;
 - (iii) the Loan repayment date shall be determined by the Board and set out in the Offer;
 - (iv) a participant granted a Loan must repay the Loan in full by the Loan repayment date but may elect to repay the Loan in respect of any or all of the Shares at any time prior to the Loan repayment date;

- (v) the Company shall have a lien over the Shares in respect of which a Loan is outstanding and the Company shall be entitled to sell those Shares in accordance with the terms of the Plan if the Loan is not repaid when due;
 - (vi) a Loan will be non-recourse except against the Shares held by the participant to which the Loan relates; and
 - (vii) the Board may, in its absolute discretion, agree to forgive a Loan made to a participant.
- (h) **Restriction Conditions:** Shares may be subject to restriction conditions (such as a period of employment or a performance hurdle) which must be satisfied before the Shares can be sold, transferred, or encumbered (**Restriction Condition**). The Board may waive Restriction Conditions in its absolute discretion, including where a holder dies or is a good leaver. In addition, Shares cannot be sold, transferred or encumbered until any Loan in relation to the Shares has been repaid or otherwise discharged under the Plan. The Company is authorised to impose a holding lock on the Shares to implement these restrictions.
- (i) **Forfeiture of Shares:** Where a Restriction Condition in relation to Shares is not satisfied by the due date, or becomes incapable of satisfaction (as determined by the Board in its absolute discretion), and is not waived by the Board (in its absolute discretion), the holder of those Shares forfeits its right, entitlement and interest in and to the Shares and the Company must, unless the Restriction Condition is waived by the Board, either:
- (i) arrange to buy back and cancel the relevant Shares within 3 months of the date the Restriction Condition was not satisfied (or became incapable of satisfaction) under the Corporations Act at a price equal to the cash consideration paid by the holder for the Shares (with the cash consideration being deemed to exclude any Loan in relation to those Shares but to include any Loan repayments made by or on behalf of the holder); or
 - (ii) arrange to sell the Shares on behalf of the holder (using a power of attorney) within 20 Business Days of the date the Restriction Condition was not satisfied (or became incapable of satisfaction) on the ASX or to an investor who falls within an exemption under Section 708 of the Corporations Act (provided that the sale must be at a price that is no less than 80% of the market value of the Shares up to and including the trading day before the sale date to the investor), and apply the sale proceeds in the following priority:
 - (A) first, to pay the Company the outstanding Loan (if any) in relation to the Shares and the Company's reasonable costs in selling the Shares;
 - (B) second, to use towards repaying any cash consideration paid by the holder for the Shares (with the cash consideration being deemed to exclude any Loan in relation to those Shares but to include any Loan repayments made by or on behalf of the holder). The holder acknowledges that the Company is not liable to repay the holder any cash consideration or Loan repayments except to the extent covered by the remaining sale proceeds; and
 - (C) lastly, any remainder to the Company to cover its costs of managing the Plan.
- (j) **Power of Attorney:** The holder irrevocably appoints each of the Company and each director of the Company severally as his or her attorney to do all things necessary to give effect to the buy back or sale of the holder's Shares in accordance with the Plan.
- (k) **Ceasing to be an Eligible Executive:** If an Eligible Employee ceases to be an employee or director of the Company, and at that time:
- (i) there are unfulfilled Restriction Conditions in relation to Shares under the Plan held by the Eligible Employee or his or her nominee, the Shares are forfeited and the Company must either buy back or sell the Shares in accordance with the Plan; or

- (ii) there are no unfulfilled Restriction Conditions in relation to Shares under the Plan held by the Eligible Employee or his or her nominee, but there is an outstanding Loan, the holder must repay the Loan within 30 days, failing which the Company must sell the Shares to repay the Loan.
- (l) **Corporate Transactions:** The Board may, in its absolute discretion and subject to conditions, waive a Restriction Condition applying to a Share where:
- (i) **(Takeover)** a takeover bid for the Company's issued Shares is declared unconditional and the bidder has acquired a relevant interest in at least 50.1% of the Company's issued Shares;
 - (ii) **(Compromise or Arrangement):** a court approves under Section 411(4)(b) of the Corporations Act a proposed compromise or arrangement for the purposes of or in connection with a scheme for the reconstruction of the Company or its amalgamation with any other company or companies; or
 - (iii) **(Winding Up):** the Company passes a resolution for voluntary winding up or an order is made for the compulsory winding up of the Company.
- (m) **Plan limit:** The Company must take reasonable steps to ensure that the number of Shares offered by the Company under the Plan when aggregated with:
- (i) the number of Shares that would be issued if each outstanding offer for Shares (including options to acquire unissued Shares) under any employee incentive scheme of the Company were to be exercised or accepted; and
 - (ii) the number of Shares issued during the previous 5 years under the Plan (or any other employee share scheme extended only to eligible employees),

does not exceed 5% of the total number of Shares on issue at the time of an offer (but disregarding any offer of Shares or option to acquire Shares that can be disregarded in accordance with relevant ASIC Class Orders).

Proxy Voting Form

If you are attending the meeting in person, please bring this with you for Securityholder registration.

Holder Number:

Your proxy voting instruction must be received by **11.30am (WST) on Tuesday, 17 November 2020**, being **not later than 48 hours** before the commencement of the Meeting. Any Proxy Voting instructions received after that time will not be valid for the scheduled Meeting.

SUBMIT YOUR PROXY

Complete the form overleaf in accordance with the instructions set out below.

YOUR NAME AND ADDRESS

The name and address shown above is as it appears on the Company's share register. If this information is incorrect, and you have an Issuer Sponsored holding, you can update your address through the investor portal: <https://investor.automic.com.au/#/home> Shareholders sponsored by a broker should advise their broker of any changes.

STEP 1 – APPOINT A PROXY

If you wish to appoint someone other than the Chair of the Meeting as your proxy, please write the name of that Individual or body corporate. A proxy need not be a Shareholder of the Company. Otherwise if you leave this box blank, the Chair of the Meeting will be appointed as your proxy by default.

DEFAULT TO THE CHAIR OF THE MEETING

Any directed proxies that are not voted on a poll at the Meeting will default to the Chair of the Meeting, who is required to vote these proxies as directed. Any undirected proxies that default to the Chair of the Meeting will be voted according to the instructions set out in this Proxy Voting Form, including where the Resolutions are connected directly or indirectly with the remuneration of KMP.

STEP 2 - VOTES ON ITEMS OF BUSINESS

You may direct your proxy how to vote by marking one of the boxes opposite each item of business. All your shares will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the items of business, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

APPOINTMENT OF SECOND PROXY

You may appoint up to two proxies. If you appoint two proxies, you should complete two separate Proxy Voting Forms and specify the percentage or number each proxy may exercise. If you do not specify a percentage or number, each proxy may exercise half the votes. You must return both Proxy Voting Forms together. If you require an additional Proxy Voting Form, contact Automic Registry Services.

SIGNING INSTRUCTIONS

Individual: Where the holding is in one name, the Shareholder must sign.

Joint holding: Where the holding is in more than one name, all Shareholders should sign.

Power of attorney: If you have not already lodged the power of attorney with the registry, please attach a certified photocopy of the power of attorney to this Proxy Voting Form when you return it.

Companies: To be signed in accordance with your Constitution. Please sign in the appropriate box which indicates the office held by you.

Email Address: Please provide your email address in the space provided.

By providing your email address, you elect to receive all communications despatched by the Company electronically (where legally permissible) such as a Notice of Meeting, Proxy Voting Form and Annual Report via email.

CORPORATE REPRESENTATIVES

If a representative of the corporation is to attend the Meeting the appropriate 'Appointment of Corporate Representative' should be produced prior to admission. A form may be obtained from the Company's share registry online at <https://automic.com.au>.

Lodging your Proxy Voting Form:

Online:

Use your computer or smartphone to appoint a proxy at

<https://investor.automic.com.au/#/login>

or scan the QR code below using your smartphone

Login & Click on 'Meetings'. Use the Holder Number as shown at the top of this Proxy Voting Form.



BY MAIL:

Automic
GPO Box 5193
Sydney NSW 2001

IN PERSON:

Automic
Level 5, 126 Phillip Street
Sydney NSW 2000

BY EMAIL:

meetings@automicgroup.com.au

BY FACSIMILE:

+61 2 8583 3040

All enquiries to Automic:

WEBCHAT: <https://automicgroup.com.au/>

PHONE: 1300 288 664 (Within Australia)
+61 2 9698 5414 (Overseas)

