
GAGE ROADS BREWING CO LIMITED

ACN 103 014 320

NOTICE OF ANNUAL GENERAL MEETING

TIME: 11:30 am (WST)

DATE: 30 September 2016

PLACE: Esplanade Hotel Fremantle, 46-54 Marine Terrace Fremantle, 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.

CONTENTS PAGE

Notice of Annual General Meeting (setting out the proposed resolutions)	3
Explanatory Statement (explaining the proposed resolutions)	8
Glossary	21
Schedule 1 – Terms of Options	23
Proxy Form	(enclosed)
Annexure A – Independent Expert's Report	(enclosed)

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 30 September 2016 at Esplanade Hotel Fremantle, 46-54 Marine Terrace Fremantle, 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.

Further details on these changes is set out below.

Proxy vote if appointment specifies way to vote

Section 250BB(1) of the Corporations Act provides that an appointment of a proxy may specify the way the proxy is to vote on a particular resolution and, **if it does**:

- the proxy need not vote on a show of hands, but if the proxy does so, the proxy must vote that way (i.e. as directed); and
- if the proxy has 2 or more appointments that specify different ways to vote on the resolution – the proxy must not vote on a show of hands; and
- if the proxy is the chair of the meeting at which the resolution is voted on – the proxy must vote on a poll, and must vote that way (i.e. as directed); and
- if the proxy is not the chair – the proxy need not vote on the poll, but if the proxy does so, the proxy must vote that way (i.e. as directed).

Transfer of non-chair proxy to chair in certain circumstances

Section 250BC of the Corporations Act provides that, if:

- an appointment of a proxy specifies the way the proxy is to vote on a particular resolution at a meeting of the Company's members; and
- the appointed proxy is not the chair of the meeting; and
- at the meeting, a poll is duly demanded on the resolution; and
- either of the following applies:
 - the proxy is not recorded as attending the meeting;
 - the proxy does not vote on the resolution,

the chair of the meeting is taken, before voting on the resolution closes, to have been appointed as the proxy for the purposes of voting on the resolution at the meeting.

NOTICE OF ANNUAL GENERAL MEETING

Notice is given that the Annual General Meeting of Shareholders will be held at 11:30 am (WST) on 30 September 2016 at Esplanade Hotel Fremantle, 46-54 Marine Terrace Fremantle, 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 5.00 pm (WST) on 28 September 2016.

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

AGENDA

ORDINARY BUSINESS

Financial Statements and Reports

To receive and consider the annual financial report of the Company for the financial year ended 30 June 2016 together with the declaration of the Directors, the Directors' report, the Remuneration Report and the Auditor's report.

1. 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 2016.”

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.

2. RESOLUTION 2 – RE-ELECTION OF DIRECTOR – IAN OLSON

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, ASX Listing Rule 14.4 and for all other purposes, Mr Ian Olson, a Director, retires by rotation, and being eligible, is re-elected as a Director.”

3. RESOLUTION 3 – ISSUE OF SHARES TO MR JOHN HOEDEMAKER 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 30,649,310 Shares to Mr John Hoedemaker 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 any Director of the Company who is eligible to participate in the Executive and Employee Share Plan 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.

4. RESOLUTION 4 – ISSUE OF SHARES TO MR IAN OLSON 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 12,259,725 Shares to Mr Ian Olson 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 any Director of the Company who is eligible to participate in the Executive and Employee Share Plan 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:
 - (iii) a member of the Key Management Personnel; or
 - (iv) 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.

5. RESOLUTION 5 – ISSUE OF SHARES TO MR ROBERT GOULD 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 12,259,725 Shares to Mr Robert Gould 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 any Director of the Company who is eligible to participate in the Executive and Employee Share Plan 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:
 - (v) a member of the Key Management Personnel; or
 - (vi) 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.

6. RESOLUTION 6 – SELECTIVE BUY-BACK FROM A SUBSTANTIAL HOLDER

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

“That, for the purpose of ASX Listing Rule 10.1 and Section 257D of the Corporations Act, and for all other purposes, approval is given for the Company to make a selective buy-back of 100,016,305 Shares from Woolworths Limited on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast on this resolution by Woolworths Limited and any of its 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.

Expert’s Report: Shareholders should carefully consider the report prepared by the Independent Expert for the purposes of the Shareholder approval required under ASX Listing Rule 10.1. The Independent Expert’s Report comments on the fairness and reasonableness of the transactions the subject of this resolution to the non-associated Shareholders in the Company. **The Independent Expert Report has found the transaction relating to resolution 6 to be fair and reasonable to the non-associated Shareholders in the Company.**

7. RESOLUTION 7 – RATIFICATION OF PRIOR ISSUE OF 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 63,900,000 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 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.

8. RESOLUTION 8 – ISSUE OF OPTIONS TO UNDERWRITER

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 7.1 and for all other purposes, approval is given for the Company to issue up to 15,000,000 Options 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 who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the Resolution is passed 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.

DATED: 26 AUGUST 2016

BY ORDER OF THE BOARD

A handwritten signature in black ink that reads "Marcel Brandenburg". The signature is written in a cursive style with a long, sweeping underline.

**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 30 September 2016 at Esplanade Hotel Fremantle, 46-54 Marine Terrace Fremantle, 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 in the Notice of Meeting.

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 2016 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 Company's remuneration arrangements for the Directors and senior management of the Company. The Remuneration Report is part of the Directors' report contained in the annual financial report of the Company 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

Under changes to the Corporations Act which came into effect on 1 July 2011, 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.

Shareholders appointing a proxy for this Resolution should note the following:

Proxy	Directions given	No directions given
Key Management Personnel ¹	Vote as directed	Unable to vote ³
Chair ²	Vote as directed	Able to vote at discretion of Proxy ⁴
Other	Vote as directed	Able to vote at discretion of Proxy

Notes:

¹ Refers to Key Management Personnel (other than the Chair) whose remuneration details are included in the Remuneration Report, or a Closely Related Party of such a member.

² Refers to the Chair (where he/she is also a member of the Key Management Personnel whose remuneration details are included in the Remuneration Report), or a Closely Related Party of such a member).

³ Undirected proxies granted to these persons will not be voted and will not be counted in calculating the required majority if a poll is called on this Resolution.

⁴ The Proxy Form notes it is the Chair's intention to vote all undirected proxies in favour of all Resolutions.

3. RESOLUTION 2 – RE-ELECTION OF DIRECTOR – MR IAN OLSON

ASX Listing Rule 14.4 provides that a Director of an entity must not hold office (without re-election) past the third Annual General Meeting following the Director's appointment or 3 years, whichever is the longer.

Clause 13.2 of the Constitution provides that:

- (a) at the Company's annual general meeting in every year, one-third of the Directors for the time being, or, if their number is not a multiple of 3, then the number nearest one-third (rounded upwards in case of doubt), shall retire from office, provided always that no Director (except a Managing Director) shall hold office for a period in excess of 3 years, or until the third annual general meeting following his or her appointment, whichever is the longer, without submitting himself or herself for re-election;
- (c) The Directors to retire at an annual general meeting are those who have been longest in office since their last election, but, as between persons who became Directors on the same day, those to retire shall (unless they otherwise agree among themselves) be determined by drawing lots;
- (d) A Director who retires by rotation under clause 13.2 of the Constitution is eligible for re-election; and
- (e) In determining the number of Directors to retire, no account is to be taken of:
 - (i) a Director who only holds office until the next annual general meeting pursuant to clause 13.4 of the Constitution; and/ or
 - (ii) a Managing Director,

each of whom are exempt from retirement by rotation. However, if more than one Managing Director has been appointed by the Directors, only one of them (nominated

by the Directors) is entitled to be excluded from any determination of the number of Directors to retire and/or retirement by rotation.

The Company currently has four Directors, three of which are subject to clause 13.2 of the Constitution. Accordingly, one Director must retire.

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

Mr Olson is a Chartered Accountant and professional public company director with a 25-year career in finance and the capital markets. Ian is also the managing Director of Pointerra Limited, a Non-Executive Director of Threat Protect Australia and former executive chairman of WKC Spatial.

The Board support Mr Olson's re-election and recommend that Shareholders vote in favour of Resolution 2.

4. RESOLUTIONS 3 TO 5 – ISSUES OF SHARES TO DIRECTORS UNDER THE EXECUTIVE AND EMPLOYEE SHARE PLAN

4.1 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 18 November 2014.

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.

The Company has agreed, subject to obtaining Shareholder approval, to issue Incentive Shares under the Company's Executive and Employee Share Plan to Directors John Hoedemaker, Ian Olson and Robert Gould or their nominated associates (**Related Parties**).

The primary purpose of the issue of Shares to Directors John Hoedemaker, Ian Olson and Robert Gould is to provide a market, tenure and earnings linked incentive package in their capacity as Directors and to provide effective consideration for their ongoing commitment and contribution to the Company as Directors of the Company.

Incentive Shares are also contemplated to be issued under the plan to up to 35 other key management personnel. The total quantum of Incentive Shares issued to related parties and key management personnel will not exceed 15% of the issued capital of the Company and restriction conditions pertaining to these shares stipulate that no more than 3% of the Company's shares on issue (post the proposed transactions) will become eligible each year over a 5-year period.

The issue price of the Incentive Shares and corresponding loan offer will be \$0.05 per Share, a 100% increase over the issue price of \$0.025 of the recent entitlements issue offer to all Shareholders.

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

Tranche	Quantity	FY	Tenure Condition	Earnings Condition
1	20%	FY17	3 years	95%
2	20%	FY18	3 years	95%
3	20%	FY19	3 years	95%
4	20%	FY20	4 years	95%
5	20%	FY21	5 years	95%

Tenure Condition: The Tenure Condition will be satisfied for the first three tranches if the Director 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 Director 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 Director 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 \$0.025 issue price and date at which the shares were issued in accordance with the most recent entitlements issue offer to Shareholders, 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 \$0.025 issue price and date at which the shares were issued in accordance with the most recent entitlements issue offer to Shareholders, all restriction conditions with regards to that particular tranche will be immediately waived, or
- (e) *Good Leaver Exceptions:* The approved Executive & Employee Share Plan provides the Board discretion to waive restriction conditions in certain circumstances.

4.2 ASX Listing Rule 10.14

Shareholder approval is required pursuant to ASX Listing Rule 10.14 for the issue of Shares to the Related Parties.

ASX Listing Rule 10.14 provides that a Company must not permit a Director of the Company to acquire securities under an employee incentive scheme without the approval of Shareholders for the acquisition. The Plan is considered to be an employee incentive scheme for the purposes of the ASX Listing Rules.

4.3 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:

- (b) obtain the approval of the public Company's members in the manner set out in sections 217 to 227 of the Corporations Act; and
- (c) 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 issue of the Incentive Shares constitutes giving a financial benefit and the Related Parties are related parties of the Company by virtue of being Directors.

It is the view of the Directors (other than the Related Parties) 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 Shares to the Related Parties under the Plan for the purpose of Chapter 2E of the Corporations Act.

4.4 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 the offers being made for the proposed grant of Incentive Shares to the Related Parties under the Executive and Employee Share Plan:

- (a) the related parties are John Hoedemaker, Ian Olson and Robert Gould and they are related parties by virtue of being Directors of the Company;
- (b) the maximum number of Incentive Shares that may be acquired by the Related Parties is as follows:
 - (i) John Hoedemaker – 30,649,310 Incentive Shares;
 - (ii) Ian Olson – 12,259,725 Incentive Shares; and
 - (iii) Robert Gould – 12,259,725 Incentive Shares;
- (c) the issue price for the Incentive Shares to a Related Party shall be \$0.05 per Share;
- (d) no related parties of the Company have received any Incentive Shares under the Plan since it was last approved by Shareholders on 18 November 2014;
- (e) 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;
- (f) the subscription funds for the Shares will be loaned to the Related Parties in accordance with the terms of the Plan. The amount of the loan provided to the Related Parties will be approximately \$1,532,465 to John Hoedemaker, \$612,986

to Ian Olson and \$612,986 to Robert Gould (based on an issue price of \$0.05 per Incentive Share). The loans will be provided under the terms and conditions of the Plan. The key terms of the loan are as follows:

- (a) the repayment term of each loan to the Related Parties shall be seven (7) years. The loan must be repaid in full by the expiry of the repayment term, but a Related Party may elect to repay the loan at any time prior to the repayment date;
 - (b) the loan shall be interest free;
 - (c) the loan shall be applied by the Company directly toward payment of the issue price of the Shares;
 - (d) 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
 - (e) the loan is non-recourse except against the Shares held by the Related Party to which the loan relates;
- (g) 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 4.1 above; and
- (h) the Incentive Shares will be issued to the Related Parties no later than 12 months 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 3 to 5.

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

5. RESOLUTION 6 – SELECTIVE BUY-BACK OF SHARES FROM A SUBSTANTIAL HOLDER

5.1 Overview/Background

As announced to ASX on 30 August 2016, the Company has agreed to seek Shareholder approval to buy-back the entire shareholding in the Company held by Woolworths Limited (**Woolworths**), being 100,016,305 Shares (**Woolworths GRB Shares**). Subject to the receipt of such approval, the Company proposes to enter into an agreement with Woolworths to buy-back the Woolworths GRB Shares on the terms set out in Section 5.4 below.

The purpose of the proposed buy-back of the Woolworths GRB Shares (**Buy-Back**) is to facilitate the realisation by Woolworths of its investment in the Company on terms acceptable to the Company and Woolworths.

In conjunction with the Buy-Back, the Company proposes to undertake a capital raising of approximately \$10.1 million to fund the purchase price of the Woolworths GRB Shares and the repayment of existing debt facilities which are currently guaranteed by Woolworths (**Capital Raising**).

The Capital Raising will comprise an institutional placement of Shares to raise approximately \$1.6 million (**Placement**), and a fully underwritten non-renounceable rights issue of Shares to the existing Shareholders of the Company to raise approximately \$8.5 million (**Entitlement Issue**). Further details of the Capital Raising are set out in the Company's ASX announcement of 30 August 2016.

The Entitlement Issue is fully underwritten by Argonaut Capital Limited. It is a condition precedent to the underwriting agreement that all of the Resolutions are passed at the Meeting.

The Company believes that the Buy-Back is in the best interests of Shareholders as the shares are being acquired at a discount to the capital raising price to provide a benefit to all Shareholders and the Buy-Back is aligned with the Company's strategy to distribute its products to broader channels to market.

Woolworths has also indicated to the Company that it intends to vote in favour of the Resolutions (other than Resolution 6 for which it is excluded from voting).

Further information on the Buy-Back and the Capital Raising is set out below.

5.2 ASX Listing Rule 10.1

ASX Listing Rule 10.1 provides that an entity (or any of its subsidiaries) must not acquire a substantial asset from, or dispose of a substantial asset to, a substantial holder (if the person and the person's associates have a relevant interest, or had a relevant interest at any time in the 6 months before the transaction, in at least 10% of the total votes attached to the voting securities).

Woolworths is a "substantial holder" for the purposes of Listing Rule 10.1 because it holds a relevant interest in more than 10% (namely 23.46%) of the Company's issued Shares.

An asset is substantial if its value or the value of the consideration for it is, or in ASX's opinion is, 5% or more of the equity interests of the Company as set out in the latest accounts given to ASX under the Listing Rules.

The parcel of Woolworths GRB Shares is therefore a substantial asset as its value exceeds 5% of the equity interests of the Company.

The Buy-Back therefore requires Shareholder approval for the purpose of ASX Listing Rule 10.1.

ASX Listing Rule 10.1 provides that Shareholder approval sought for the purpose of ASX Listing Rule 10.1 must include a report on the proposed acquisition from an independent expert.

The Independent Expert's Report prepared by BDO sets out a detailed examination of the Buy-Back contemplated by Resolution 6 to enable Shareholders to assess its merits. The Independent Expert's Report concludes that the Transaction is **fair and reasonable** to the non-associated Shareholders of the Company.

5.3 Section 257D of the Corporations Act

The Corporations Act provides that the rules relating to share buy-backs are designed to protect the interests of Shareholders and creditors by:

- (a) addressing the risk of the transaction leading to the Company's solvency;
- (b) seeking to ensure fairness between the Shareholders of the Company; and
- (c) requiring the Company to disclose all material information.

In particular, Section 257A of the Corporations Act provides that a Company may buy back its own shares if:

- (a) the buy-back does not materially prejudice the Company's ability to pay its creditors; and

- (b) the Company follows the procedures laid down in Division 2 of Part 2J.1 of the Corporations Act.

Pursuant to Section 257D(1) of the Corporations Act, a selective share buy-back must be approved by either:

- (a) a special resolution passed at a general meeting of the Company, with no votes being cast in favour of the resolution by any person whose shares are to be bought back or by their associates; or
- (b) a resolution agreed to, at a general meeting by all ordinary Shareholders.

The phrase “no votes being cast” is intended to operate in a similar way to the way in which voting exclusion statements operate in the context of the Listing Rules.

Pursuant to Section 257D(2) of the Corporations Act, the Company must include with the Notice a statement setting out all information known to the Company that is material to the decision on how to vote on the resolution. However, the Company does not have to disclose information if it would be unreasonable to require the Company to do so because the Company had previously disclosed the information to Shareholders.

5.4 Terms of proposed Buy-Back

Subject to Shareholder approval, the Company proposes to enter into an agreement with Woolworths on the following material terms and conditions:

- (a) **(Buy-Back Offer):** Subject to the satisfaction (or waiver) of the conditions precedent in clause 5.4(c) below, the Company shall buy-back the Woolworths GRB Shares for the Consideration;
- (b) **(Consideration):** The consideration payable by the Company per Woolworths GRB Share **(Consideration)** shall be the greater of:
 - (i) \$0.015625; and
 - (ii) an amount equal to 62.5% of the issue price per Share issued by the Company pursuant to a capital raising prior to completion of the Buy-Back;
- (c) **(Conditions Precedent to completion of the Buy-Back):** Completion of the Buy-Back shall be conditional upon the satisfaction (or waiver) of the following conditions precedent:
 - (i) the Company completing a capital raising of at least \$6,700,000; and
 - (ii) the removal and release of Woolworths as a guarantor of the Company's finance facilities; and
- (d) **(Completion):** Completion of the Buy-Back will occur at 10.00am at the Company's office ten (10) business days after satisfaction (or waiver) of the conditions precedent to the Buy-Back, or at such other time, place and location as the parties agree. At completion of the Buy-Back:
 - (i) Woolworths will deliver a share transfer form for the Woolworths GRB Shares to the Company, together with a copy of Woolworths' holding statement in respect of the Woolworths GRB Shares; and
 - (ii) the Company will pay the Consideration to Woolworths, and will subsequently register the share transfer, cancel the Woolworths GRB Shares and notify the cancellation of the Woolworths GRB Shares to ASX.

5.5 Impact of Transaction on the capital structure of the Company

The effect of the proposed Buy-Back and the Capital Raising (together, the **Transaction**) on the Company will be the issue of 404,965,834 new Shares in the Company and the subsequent buy-back and cancellation of 100,016,305 Shares in the Company. In addition, the Company proposes to issue 15,000,000 new Options to Argonaut Securities Pty Ltd (at a strike price of 7c) as consideration for part of the cost of the Capital Raising, and 129,049,733 Incentive Shares to executives and employees of the Company under the Company's Executive and Employee Share Plan.

The overall effect of the Transaction on the capital structure of the Company is as follows:

Event	Ordinary Shares	Options
Securities on issue as at the date of this notice	426,332,293	Nil
Securities to be issued pursuant to the Placement	63,900,000	Nil
Securities to be issued pursuant to the Rights Issue	341,065,834	Nil
Securities to be issued pursuant to the Gage Roads Executive and Employee Share Plan ¹	129,049,733	Nil
Securities to be issued to Argonaut Securities Pty Ltd	Nil	15,000,000
Sub-Total	960,347,860	15,000,00
Less Shares subject to selective buy-back and cancellation	100,016,305	-
Shares on issue at Completion of the Transaction*	860,331,555	15,000,000

Note 1 - Of these 129,049,733 Shares to be issued under the Executive and Employee Incentive Plan, the issue of 58,072,379 Shares is subject to Shareholder approval pursuant to Resolutions 3 to 5.

5.6 Pro forma balance sheet

A pro forma balance sheet of the Company post the completion of the Transaction is set out below:

	AUDITED 30 JUNE 2016	ADJUSTMENTS PLACEMENT	ADJUSTMENTS ENTITLEMENT ISSUE	PRO-FORMA
ASSETS				
Current assets				
Cash and cash equivalents	3,559,236	1,501,650	7,981,646	13,042,532
Trade and other receivables	2,986,294	-	-	2,986,294
Inventories	1,752,151	-	-	1,752,151
Total current assets	8,297,681	1,501,650	7,981,646	17,780,978
Non-current assets				
Property, plant and equipment	22,666,677	-	-	22,666,677
Deferred tax assets	2,874,095	-	-	2,874,095
Intangible assets	12,188	-	-	12,188
Total non-current assets	25,552,960	-	-	25,552,960
Total assets	33,850,641	1,501,650	7,981,646	43,333,938
LIABILITIES				
Current liabilities				
Trade and other payables	7,195,989	-	-	7,195,989
Borrowings	9,685,319	-	-	9,685,319
Total current liabilities	16,881,308	-	-	16,881,307
Non-current liabilities				
Provisions	231,400	-	-	231,400
Total non-current liabilities	231,400	-	-	231,400
Total liabilities	17,112,708	-	-	17,112,707
Net assets	16,737,935	1,501,650	7,981,646	26,221,230
EQUITY				
Contributed equity	26,012,998	1,501,650	7,981,646	35,496,294
Share options reserve	1,254,297	-	-	1,254,297
Accumulated losses	(10,529,360)	-	-	(10,529,360)
Total equity	16,737,935	1,501,650	7,981,646	26,221,230

5.7 Share trading price

The highest, lowest and last trading price of Shares on ASX over the 3 months prior to the date of this Notice is set out below:

	Date	Price
Highest	15 August 2016	\$0.077
Lowest	11 July 2016	\$0.049
Last	25 August 2016	\$0.068

5.8 Advantages of the Transaction

The Directors are of the view that the following non-exhaustive list of advantages may be relevant to a Shareholder's decision on how to vote on proposed Resolution 6:

- (a) The Independent Expert has concluded that the Proposed Transaction is fair and reasonable to the non-associated Shareholders of the Company;
- (b) It reduces the Company's debt exposure and de-risks the balance sheet;
- (c) The removal of an ownership association with a large retailer allows the Company to more readily access new markets to distribute its proprietary high-margin brand portfolio.
- (d) It increases the Company's corporate appeal as an acquisition target.

5.9 Disadvantages of the Transaction

The Directors are of the view that the following non-exhaustive list of disadvantages may be relevant to a Shareholder's decision on how to vote on proposed Resolution 6:

- (a) Removal of cornerstone investor.

5.10 Independent Expert's Report – Resolution 6

The Independent Expert's Report prepared by BDO (a copy of which is attached as Annexure A to this Explanatory Statement) assesses whether the transaction contemplated by Resolution 6 is fair and reasonable to the non-associated Shareholders of the Company.

The Independent Expert's Report concludes that the transaction contemplated by Resolution 6 is fair and reasonable to the non-associated Shareholders of the Company.

The Independent Expert notes that the key advantages of the proposal raised in Resolution 6 to the Company and existing Shareholders are as follows:

- (a) The Proposed Transaction is fair and reasonable;
- (b) Shareholders will have an increased holding of the Company;
- (c) Increase in share market liquidity from the Capital Raising and Placement;
- (d) Allows a more focused approach for Management to pursue the Company's strategies;
- (e) Increase in corporate appeal; and
- (f) The Proposed Transaction provides the Company with additional working capital.
- (g) The key disadvantages noted by the Independent Expert are as follows:
- (h) Removal of cornerstone investor.

Shareholders are urged to carefully read the Independent Expert's Report to understand the scope of the report, the methodology of the valuation and the sources of information and assumptions made.

5.11 Recommendations of Directors

Based on the information available, including that contained in this Explanatory Statement and the Independent Expert's Report, all of the Directors consider that the Transaction the subject of Resolution 6 is in the best interests of the Company.

The Directors strongly recommend that Shareholders vote in favour of the Resolution. The Directors confirm that they intend to vote in favour of Resolution 6. No Director has an interest in the Buy-Back other than as holders of securities in the Company.

6. RESOLUTION 7 – RATIFICATION OF PLACEMENT SHARES

6.1 General

As announced to ASX on 30 August 2016, the Company proposes to issue up to 63,900,000 Shares to institutional and professional investors to raise up to approximately \$1.6 million (**Placement**).

The Company intends to issue these Shares under its existing 15% placement capacity prior to the date of the Meeting, but after the record date of the Rights Issue.

Resolution 7 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.

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 this issue, 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.

6.2 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) 63,900,000 Shares will be issued pursuant to the Placement;
- (b) the issue price will be \$0.025 per Share;
- (c) the Shares 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;
- (d) the Shares will be issued to professional and institutional clients of Argonaut Securities Pty Ltd (**Argonaut**), and none of these subscribers will be related parties of the Company; and
- (e) the funds raised from this issue will be applied towards:
 - (i) the further reduction of the Company's debt facility;
 - (ii) the costs of the Placement; and

- (iii) working capital.

7. RESOLUTION 8 – ISSUE OF OPTIONS TO UNDERWRITER

7.1 General

Resolution 8 seeks Shareholder approval for the issue of 15,000,000 Options to Argonaut. The Options will be issued pursuant to the terms of an underwriting agreement between the Company and Argonaut in relation to the Rights Issue.

A summary of ASX Listing Rule 7.1 is provided in Section 6.1 above.

The effect of Resolution 8 will be to allow the Company to issue the Options to Argonaut during the period of 3 months after the Meeting (or a longer period, if allowed by ASX), without using the Company's 15% annual placement capacity.

7.2 Technical information required by ASX Listing Rule 7.1

Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided in relation to the issue of Options:

- (a) the maximum number of Options to be issued is 15,000,000;
- (b) the Options will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that issue of the Options will occur on the same date;
- (c) the Options will be issued for an issue price of \$0.0001 per Option;
- (d) the amount payable upon exercise of each Option will be \$0.07;
- (e) the Options will be issued to Argonaut Securities Pty Ltd (or its nominee);
- (f) the Options will be issued on the terms set out in Schedule 1; and
- (g) the Options will be issued in consideration of underwriting services provided by Argonaut to the Company in relation to the Rights Issue, and for the total issue price of \$1,500. The funds raised from the issue of the Options will be applied towards working capital.

8. ENQUIRIES

Shareholders may contact Mr Marcel Brandenburg on (+61 8) 9314 0000 if they have any queries in respect of the matters set out in these documents.

GLOSSARY

\$ means Australian dollars.

Argonaut means Argonaut Securities Pty Ltd.

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.

Buy-Back means the buy-back of the Woolworths GRB Shares by the Company the subject of Resolution 6.

Capital Raising means a capital raising of approximately \$10.1 million, comprising the Rights Issue and the Placement.

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 Limited (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 Employee means all full time and part time employees or Directors of the Company.

Explanatory Statement means the explanatory statement accompanying the Notice.

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

Incentive Shares means a Share issued under the Plan.

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.

Placement means the issue of 63,900,000 Shares at an issue price of \$0.025 per Share to raise \$1,597,500.

Plan means the Gage Roads Executive and Employee Share Plan.

Proxy Form means the proxy form accompanying the Notice.

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.

Transaction means the Buy-Back and the Capital Raising.

Woolworths GRB Shares means 100,016,305 Shares held by Woolworths Limited.

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

SCHEDULE 1 – TERMS OF OPTIONS

(a) Entitlement

Each Option entitles the holder to subscribe for one Share upon exercise of the Option.

(b) Exercise Price

Subject to paragraph (j), the amount payable upon exercise of each Option will be \$0.07 (**Exercise Price**).

(c) Expiry Date

Each Option will expire at 5:00 pm (WST) on the date which is three years from its date of issue (**Expiry Date**). An Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

(d) Exercise Period

The Options are exercisable at any time on or prior to the Expiry Date (**Exercise Period**).

(e) Notice of Exercise

The Options may be exercised during the Exercise Period by notice in writing to the Company in the manner specified on the Option certificate (**Notice of Exercise**) and payment of the Exercise Price for each Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.

(f) Exercise Date

A Notice of Exercise is only effective on and from the later of the date of receipt of the Notice of Exercise and the date of receipt of the payment of the Exercise Price for each Option being exercised in cleared funds (**Exercise Date**).

(g) Timing of issue of Shares on exercise

Within 15 Business Days after the Exercise Date, the Company will:

- (i) allot and issue the number of Shares required under these terms and conditions in respect of the number of Options specified in the Notice of Exercise and for which cleared funds have been received by the Company;
- (ii) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, or, if the Company is unable to issue such a notice, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors; and
- (iii) if admitted to the official list of ASX at the time, apply for official quotation on ASX of Shares issued pursuant to the exercise of the Options.

If a notice delivered under (g)(ii) for any reason is not effective to ensure that an offer for sale of the Shares does not require disclosure to investors, the Company must, no later than 20 Business Days after becoming aware of such notice being ineffective, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors.

(h) Shares issued on exercise

Shares issued on exercise of the Options rank equally with the then issued shares of the Company.

(i) Quotation of Shares issued on exercise

If admitted to the official list of ASX at the time, application will be made by the Company to ASX for quotation of the Shares issued upon the exercise of the Options.

(j) Reconstruction of capital

If at any time the issued capital of the Company is reconstructed, all rights of an Option holder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.

(k) Participation in new issues

There are no participation rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options without exercising the Options.

(l) Change in exercise price

An Option does not confer the right to a change in Exercise Price or a change in the number of underlying securities over which the Option can be exercised.

(m) Unquoted

The Company will not apply for quotation of the Options on ASX.

(n) Transferability

The Options are transferable subject to any restriction or escrow arrangements imposed by ASX or under applicable Australian securities laws.

.



GAGE ROADS BREWING CO LIMITED | ABN 22 103 014 320

All Registry Communications to:
Automatic Registry Services
PO Box 2226, Strawberry Hills, NSW 2012
P 1300 288 664 (within Australia)
P +61 (0)2 9698 5414 (outside Australia)
F +61 (0)2 8583 3040 | E info@automatic.com.au

Holder Number

Security Holder Appointment of Proxy – Annual General Meeting

I/We being a Shareholder entitled to attend and vote at the Meeting, hereby appoint

[Empty box for Name of Proxy]

(Name of Proxy)

OR

[Empty box for The Chair as my/our proxy]

The Chair as my/our proxy

or failing the person so named or, if no person is named, the Chair, or the Chair's nominee, to vote in accordance with the following directions, or, if no directions have been given, and subject to the relevant laws as the proxy sees fit, at the Annual General Meeting to be held at 11.30am (WST) on 30 September 2016 at Esplanade Hotel, 46-54 Marine Terrace Fremantle Western Australia and at any adjournment thereof.

AUTHORITY FOR CHAIR TO VOTE UNDIRECTED PROXIES ON REMUNERATION RELATED RESOLUTIONS

Where I/we have appointed the Chair as my/our proxy (or where the Chair becomes my/our proxy by default), I/we expressly authorise the Chair to exercise my/our proxy on Resolutions 1 and 3 to 5 (except where I/we have indicated a different voting intention below) even though Resolutions 1 and 3 to 5 are connected directly or indirectly with the remuneration of a member of the Key Management Personnel, which includes the Chair.

The Chair intends to vote undirected proxies in favour of all Resolutions in which the Chair is entitled to vote.

Unless indicated otherwise by ticking the "for," "against" or "abstain" box you will be authorising the Chair to vote in accordance with the Chair's voting intention.

VOTING ON BUSINESS OF THE MEETING

Table with 2 columns of Resolutions and 3 columns of For/Against/Abstain boxes for each resolution.

Please note: If you mark the abstain box for a particular Resolution, you are directing your proxy not to vote on that Resolution on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

SIGNATURE OF SHAREHOLDER(S):

Individual or Shareholder 1

[Signature box for Individual or Shareholder 1]

Sole Director or
Sole Director / Company Secretary

Shareholder 2

[Signature box for Shareholder 2]

Director

Shareholder 3

[Signature box for Shareholder 3]

Director / Company Secretary

INSTRUCTIONS FOR COMPLETING 'APPOINTMENT OF PROXY' FORM

APPOINTING A PROXY

A Shareholder entitled to attend and cast a vote at the Meeting is entitled to appoint a proxy to attend and vote on their behalf at the Meeting. The appointed proxy may be an individual or body corporate.

If a Body Corporate is appointed to act as your proxy then a representative of that Body Corporate must be appointed to act as its representative. When attending the meeting, the representative must bring a formal notice of appointment as per section 250D of the Corporations Act. Such notice must be signed as required by section 127 of the Corporations Act or the Body Corporate's Constitution.

If a Shareholder is entitled to cast 2 or more votes at the Meeting, the Shareholder may appoint a second proxy to attend and vote on their behalf at the Meeting. However, where both proxies attend the Meeting, voting may only be exercised on a poll.

The appointment of a second proxy must be done on a separate copy of the Proxy Form. A Shareholder who appoints 2 proxies may specify the proportion or number of votes each proxy is appointed to exercise. If a Shareholder appoints 2 proxies and the appointments do not specify the proportion or number of the Shareholder's votes each proxy is appointed to exercise, each proxy may exercise one-half of the votes. Any fractions of votes resulting from the application of these principles will be disregarded. A duly appointed proxy need not be a Shareholder.

Note: If you wish to appoint a second proxy, you may copy this form but you must return both forms together.

VOTING ON BUSINESS OF MEETING

A Shareholder may direct a proxy how to vote by marking one of the boxes opposite each item of business. The direction may specify the number of votes that the proxy may exercise by writing the number of Shares next to the box marked for the relevant item of business.

Where a box is not marked the proxy may vote as they choose subject to the relevant laws.

Where more than one box is marked on an item the vote will be invalid on that item.

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 of the 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 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.

ATTENDING THE MEETING

Completion of a Proxy Form will not prevent individual Shareholders from attending the Meeting in person if they wish. Where a Shareholder completes and lodges a valid Proxy Form and attends the Meeting in person, then the proxy's authority to speak and vote for that Shareholder is suspended while the Shareholder is present at the Meeting.

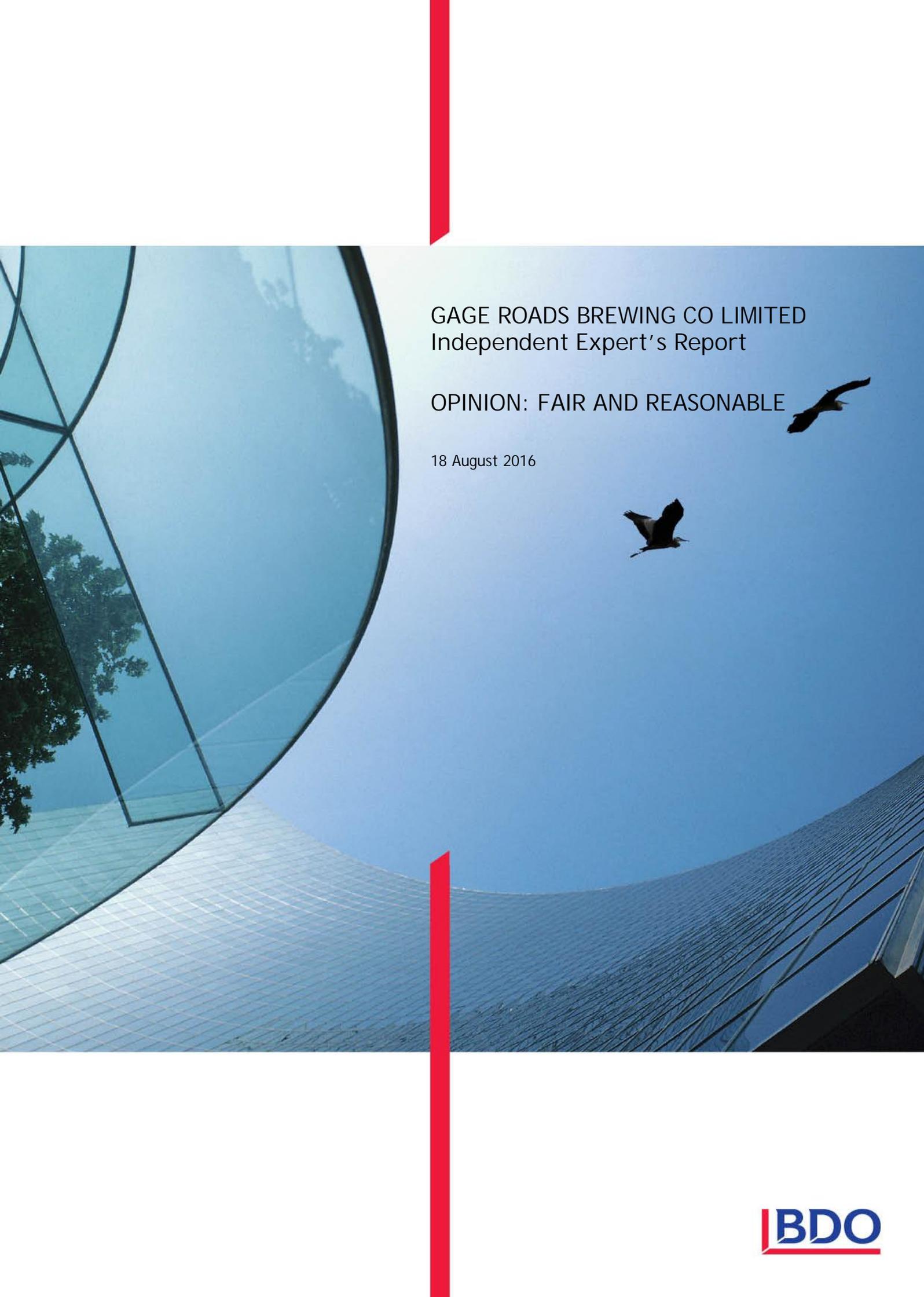
LODGEMENT OF VOTES

To be effective, a validly appointed proxy must be received by the Company **not less than 48 hours** prior to commencement of the Meeting.

Proxy appointments can be lodged by:

- a) **Hand Delivery** – to Automic Registry Services Suite 310, 50 Holt Street Surry Hills NSW 2010; or
- b) **Post** - to Automic Registry Services, PO Box 2226, Strawberry Hills NSW 2012; or
- c) **Online** – via our share registry @ <https://investor.automic.com.au/#/loginsah> and follow the below instructions:
 1. Security Code – using the dropdown box select "Gage Roads Brewing Co Limited"
 2. SRN/HIN – enter your personal holder number
 3. Enter your postcode if your holding has a registered address in Australia or your Country if it is registered overseas
 4. Click on "View Meetings"
 5. Click on "Vote" to commence registering your voting intention.

PROXY FORMS RECEIVED LATER THAN THIS TIME WILL BE INVALID



GAGE ROADS BREWING CO LIMITED
Independent Expert's Report

OPINION: FAIR AND REASONABLE

18 August 2016



Financial Services Guide

18 August 2016

BDO Corporate Finance (WA) Pty Ltd ABN 27 124 031 045 ('we' or 'us' or 'ours' as appropriate) has been engaged by Gage Roads Brewing Co Limited ('Gage Roads' or 'the Company') to provide an independent expert's report on the proposal to buy-back 100% of the shares in Gage Roads held by Woolworths Limited ('Woolworths'). You will be provided with a copy of our report as a retail client because you are a shareholder of Gage Roads.

Financial Services Guide

In the above circumstances we are required to issue to you, as a retail client, a Financial Services Guide ('FSG'). This FSG is designed to help retail clients make a decision as to their use of the general financial product advice and to ensure that we comply with our obligations as financial services licensees.

This FSG includes information about:

- ◆ Who we are and how we can be contacted;
- ◆ The services we are authorised to provide under our Australian Financial Services Licence, Licence No. 316158;
- ◆ Remuneration that we and/or our staff and any associates receive in connection with the general financial product advice;
- ◆ Any relevant associations or relationships we have; and
- ◆ Our internal and external complaints handling procedures and how you may access them.

Information about us

BDO Corporate Finance (WA) Pty Ltd is a member firm of the BDO network in Australia, a national association of separate entities (each of which has appointed BDO (Australia) Limited ACN 050 110 275 to represent it in BDO International). The financial product advice in our report is provided by BDO Corporate Finance (WA) Pty Ltd and not by BDO or its related entities. BDO and its related entities provide services primarily in the areas of audit, tax, consulting and financial advisory services.

We do not have any formal associations or relationships with any entities that are issuers of financial products. However, you should note that we and BDO (and its related entities) might from time to time provide professional services to financial product issuers in the ordinary course of business.

Financial services we are licensed to provide

We hold an Australian Financial Services Licence that authorises us to provide general financial product advice for securities to retail and wholesale clients.

When we provide the authorised financial services we are engaged to provide expert reports in connection with the financial product of another person. Our reports indicate who has engaged us and the nature of the report we have been engaged to provide. When we provide the authorised services we are not acting for you.

General Financial Product Advice

We only provide general financial product advice, not personal financial product advice. Our report does not take into account your personal objectives, financial situation or needs. You should consider the appropriateness of this general advice having regard to your own objectives, financial situation and needs before you act on the advice.

Fees, commissions and other benefits that we may receive

We charge fees for providing reports, including this report. These fees are negotiated and agreed with the person who engages us to provide the report. Fees are agreed on an hourly basis or as a fixed amount depending on the terms of the agreement. The fee payable to BDO Corporate Finance (WA) Pty Ltd for this engagement is approximately \$32,000.

Except for the fees referred to above, neither BDO, nor any of its directors, employees or related entities, receive any pecuniary benefit or other benefit, directly or indirectly, for or in connection with the provision of the report.

Other assignments

BDO Audit and Assurance (WA) Pty Ltd is the appointed Auditor of Gage Roads. We do not consider that this impacts on our independence in accordance with the requirements of Regulatory Guide 112 'Independence of Experts'. We have completed a conflict search of BDO affiliated organisations within Australia. This conflict search incorporates all Partners, Directors and Managers of BDO affiliated organisations. We are not aware of any circumstances that, in our view, would constitute a conflict of interest or would impair our ability to provide objective assistance in this matter.

Remuneration or other benefits received by our employees

All our employees receive a salary. Our employees are eligible for bonuses based on overall productivity but not directly in connection with any engagement with any engagement of a report. We have received a fee from Gage Roads for our professional services in providing this report. That fee is not linked in any way with our opinion as expressed in this report.

Referrals

We do not pay commissions or provide any other benefits to any person for referring customers to us in connection with the reports that we are licensed to provide.

Complaints resolution

Internal complaints resolution process

As the holder of an Australian Financial Services Licence, we are required to have a system for handling complaints from persons to whom we provide financial product advice. All complaints must be in writing addressed to The Complaints Officer, BDO Corporate Finance (WA) Pty Ltd, PO Box 700 West Perth WA 6872.

When we receive a written complaint we will record the complaint, acknowledge receipt of the complaint within 15 days and investigate the issues raised. As soon as practical, and not more than 45 days after receiving the written complaint, we will advise the complainant in writing of our determination.

Referral to External Dispute Resolution Scheme

A complainant not satisfied with the outcome of the above process, or our determination, has the right to refer the matter to the Financial Ombudsman Service ('FOS'). FOS is an independent organisation that has been established to provide free advice and assistance to consumers to help in resolving complaints relating to the financial service industry. FOS will be able to advise you as to whether or not they can be of assistance in this matter.

Our FOS Membership Number is 12561. Further details about FOS are available at the FOS website www.fos.org.au or by contacting them directly via the details set out below.

Financial Ombudsman Service
GPO Box 3
Melbourne VIC 3001
Toll free: 1300 78 08 08
Facsimile: (03) 9613 6399
Email: info@fos.org.au

Contact details

You may contact us using the details set out on page 1 of the accompanying report.



TABLE OF CONTENTS

1.	Introduction	1
2.	Summary and Opinion	1
3.	Scope of the Report	4
4.	Outline of the Proposed Transaction	5
5.	Profile of Gage Roads Brewing Co Limited	7
6.	Profile of Woolworths Limited	13
7.	Economic analysis	14
8.	Industry analysis	15
9.	Valuation approach adopted	17
10.	Valuation of Gage Roads	18
11.	Valuation of consideration	29
12.	Is the Proposed Transaction fair?	30
13.	Is the Proposed Transaction reasonable?	30
14.	Conclusion	32
15.	Sources of information	32
16.	Independence	33
17.	Qualifications	33
18.	Disclaimers and consents	34

Appendix 1 - Glossary and copyright notice

Appendix 2 - Valuation Methodologies

Appendix 3 - Comparable Company Analysis

Appendix 4 - Comparable Transactions

18 August 2016

The Directors
Gage Roads Brewing Co Limited
14 Absolon Street
PALMYRA WA 6157

Dear Directors

INDEPENDENT EXPERT'S REPORT

1. Introduction

Gage Roads Brewing Co Limited ('Gage Roads' or 'the Company') has agreed to seek shareholder approval to buy-back the entire shareholding in the Company held by Woolworths Limited ('Woolworths'), being 100,016,305 shares ('Proposed Transaction'). Subject to the receipt of such approval, the Company proposes to enter into an agreement with Woolworths to buy-back the shares on the terms set out below.

The consideration payable by Gage Roads for the acquisition of 100% of the Gage Roads shares held by Woolworths ('Buyback Shares') is the greater of:

- \$0.015625 per share; and
- an amount equal to 62.5% of the issue price per share of any fully paid ordinary shares issued by Gage Roads pursuant to a capital raising conducted after the date of the announcement of the Proposed Transaction but prior to the completion of the Proposed Transaction.

In conjunction with the Proposed Transaction, Gage Roads proposes to undertake an entitlement issue of 4 shares for every 5 shares held to raise approximately \$8.5 million through the issue of approximately 341.1 million shares at an issue price of \$0.025 per share ('Capital Raising'). This will be in addition to a proposed placement which will be undertaken with institutional investors to raise approximately \$1.6 million through the issue of approximately 63.9 million shares at an issue price of \$0.025 per share ('Placement').

As such the consideration payable for the Buyback Shares will be \$0.015625 per share, being a total consideration of approximately \$1.56 million ('Consideration').

2. Summary and Opinion

2.1 Purpose of the report

The directors of Gage Roads have requested that BDO Corporate Finance (WA) Pty Ltd ('BDO') prepare an independent expert's report ('our Report') to express an opinion as to whether or not the Proposed Transaction is fair and reasonable to the non-associated shareholders of Gage Roads ('Shareholders').

Our Report is prepared pursuant to Australian Securities Exchange ('ASX') Listing Rule 10.1 and is to be included in the Notice of Meeting and Explanatory Statement for Gage Roads in order to assist the Shareholders in their decision whether to approve the Proposed Transaction.

2.2 Approach

Our Report has been prepared having regard to Australian Securities and Investments Commission ('ASIC'), Regulatory Guide 111 'Content of Expert's Reports' ('RG 111') and Regulatory Guide 112 'Independence of Experts' ('RG 112').

In arriving at our opinion, we have assessed the terms of the Proposed Transaction as outlined in the body of this Report. We have considered:

- How the value of the Buyback Shares being acquired compares to the value of the consideration to be paid for the Buyback Shares;
- Other factors which we consider to be relevant to the Shareholders in their assessment of the Proposed Transaction; and
- The position of Shareholders should the Proposed Transaction not proceed.

2.3 Opinion

We have considered the terms of the Proposed Transaction, as outlined in the body of this Report, and have concluded that the Proposed Transaction is fair and reasonable to Shareholders.

2.4 Fairness

In Section 12 we determined that Consideration offered per Buyback Share compares to the value of a fully paid ordinary Gage Roads Share, as detailed below.

	Ref	Low \$	High \$
Value of a fully paid ordinary Gage Roads share	10.4	0.024	0.039
Consideration per Buyback Share	11	0.016	0.016

Source: BDO analysis

The above pricing indicates that, in the absence of any other relevant information, the Proposed Transaction is fair for Shareholders.

2.5 Reasonableness

We have considered the analysis in Section 13 of this report, in terms of both

- advantages and disadvantages of the Proposed Transaction; and
- other considerations, including the position of Shareholders if the Proposed Transaction does not proceed and the consequences of not approving the Proposed Transaction.

In our opinion, the position of Shareholders if the Proposed Transaction is approved is more advantageous than the position if the Proposed Transaction is not approved. Accordingly, in the absence of any other relevant information we believe that the Proposed Transaction is reasonable for Shareholders.

The respective advantages and disadvantages considered are summarised below:

ADVANTAGES AND DISADVANTAGES			
Section	Advantages	Section	Disadvantages
13.1.1	The Proposed Transaction is fair	13.2.2	The Company will no longer have a cornerstone investor
13.1.2	Shareholders will have an increased holding of the Company		
13.1.3	Increase in liquidity from the Capital Raising and Placement		
13.1.4	Allows management to pursue its strategies in regard to its proprietary craft beer segments		
13.1.5	Increase in corporate appeal		
13.1.6	The Capital Raising provides the Company with a cash injection		

Other key matters we have considered include:

Section	Description
13.3.1	Alternative Proposal
13.3.2	Woolworths will no longer be Gage Roads' major shareholder
13.3.3	Woolworths will no longer be guarantor for Gage Roads' ANZ credit facility

3. Scope of the Report

3.1 Purpose of the Report

ASX Listing Rule 10.1 requires that a listed entity must obtain shareholders' approval before it acquires a substantial asset from, or disposes of a substantial asset to, a substantial holder when the consideration to be paid for the asset or the value of the asset being disposed constitutes more than 5% of the equity interest of that entity at the date of the last audited accounts.

For the purposes of ASX Listing Rule 10.1, a 'substantial holder' is defined as a person owning 10% or more of the issued ordinary shares of the entity. Woolworths currently holds a relevant interest in 23.46% of the shares of Gage Roads, such that Woolworths is a substantial holder.

Listing Rule 10.10.2 requires the Notice of Meeting for shareholders' approval to be accompanied by a report by an independent expert expressing their opinion as to whether the transaction is fair and reasonable to the shareholders whose votes are not to be disregarded in respect of the transaction.

Accordingly, an independent experts' report is required for the Proposed Transaction. The report should provide an opinion by the expert stating whether or not the terms and conditions in relation thereto are fair and reasonable to non-associated shareholders of Gage Roads.

3.2 Regulatory guidance

Neither the ASX Listing Rules nor the Corporations Act defines the meaning of 'fair and reasonable'. In determining whether the Proposed Transaction is fair and reasonable, we have had regard to the views expressed by ASIC in RG 111. This regulatory guide provides guidance as to what matters an independent expert should consider to assist security holders to make informed decisions about transactions.

This regulatory guide suggests that, where an expert assesses whether a related party transaction is 'fair and reasonable' for the purposes of ASX Listing Rule 10.1, this should not be applied as a composite test—that is, there should be a separate assessment of whether the transaction is 'fair' and 'reasonable', as in a control transaction. An expert should not assess whether the transaction is 'fair and reasonable' based simply on a consideration of the advantages and disadvantages of the proposal.

We do not consider the Proposed Transaction to be a control transaction. As such, we have used RG 111 as a guide for our analysis but have considered the Proposed Transaction as if it were not a control transaction.

3.3 Adopted basis of evaluation

RG 111 states that a transaction is fair if the value of the offer price or consideration is greater than the value of the securities subject of the offer. This comparison should be made assuming a knowledgeable and willing, but not anxious, buyer and a knowledgeable and willing, but not anxious, seller acting at arm's length. RG 111 states that when considering the value of the securities subject of the offer in a control transaction the expert should consider this value inclusive of a control premium. However, as stated in Section 3.2 we do not consider that the Proposed Transaction is a control transaction. As such, we have not included a premium for control when considering the value of Gage Roads' shares.

Further to this, RG 111 states that a transaction is reasonable if it is fair. It might also be reasonable if despite being 'not fair' the expert believes that there are sufficient reasons for security holders to accept the offer in the absence of any higher bid.

Having regard to the above, BDO has completed this comparison in two parts:

- A comparison between the value of a Gage Roads share prior to the Proposed Transaction and the value of the Consideration per Buyback Share (fairness - see Section 12 'Is the Proposed Transaction Fair?'); and
- An investigation into other significant factors to which Shareholders might give consideration, prior to approving the resolution, after reference to the value derived above (reasonableness - see Section 13 'Is the Proposed Transaction Reasonable?').

This assignment is a Valuation Engagement as defined by Accounting Professional & Ethical Standards Board professional standard APES 225 'Valuation Services' ('APES 225').

A Valuation Engagement is defined by APES 225 as follows:

'an Engagement or Assignment to perform a Valuation and provide a Valuation Report where the Valuer is free to employ the Valuation Approaches, Valuation Methods, and Valuation Procedures that a reasonable and informed third party would perform taking into consideration all the specific facts and circumstances of the Engagement or Assignment available to the Valuer at that time.'

This Valuation Engagement has been undertaken in accordance with the requirements set out in APES 225.

4. Outline of the Proposed Transaction

4.1 The Proposed Transaction

Gage Roads has agreed to seek shareholder approval to buy-back the entire shareholding in the Company held by Woolworths, being 100,016,305 shares. Subject to the receipt of such approval, the Company proposes to enter into an agreement with Woolworths to buy-back the shares on the terms set out below.

The consideration payable by Gage Roads for the acquisition of the Buyback Shares is the greater of:

- \$0.015625 per Gage Roads share held by Woolworths; and
- an amount equal to 62.5% of the issue price per share of any fully paid ordinary shares issued by Gage Roads pursuant to a capital raising conducted after the date of announcement of the Proposed Transaction but prior to the completion of the Proposed Transaction.

As such the consideration payable for the Buyback Shares will be 62.5% of the Capital Raising issue price of \$0.025 per share, being \$0.015625. As at the date of this Report, Woolworths is the holder of 100,016,305 Gage Roads shares. Therefore, at a price of \$0.015625 per share, the Consideration will be approximately \$1.56 million.

In conjunction with the Proposed Transaction, Gage Roads proposes to undertake the Capital Raising, being an entitlement issue of 4 shares for every 5 shares held, to raise approximately \$8.5 million through the issue of approximately 341.1 million shares at an issue price of \$0.025 per share. This will be in addition to the proposed Placement which will be undertaken with institutional investors to raise approximately \$1.6 million through the issue of approximately 63.9 million shares at an issue price of \$0.025 per share.

Completion of the Proposed Transaction is conditional on the conditions, including but not limited to, the following:

- Gage Roads completing a capital raising of at least \$6.7 million; and

- the removal and release of Woolworths as a guarantor of the Company's finance facilities.

Woolworths has also indicated to the Company that it intends to vote in favour of all Resolutions in the attached Notice of Meeting, excluding the Resolution relating to the Proposed Transaction, which it is excluded from voting.

Further disclosures of the conditions precedent to the Proposed Transaction are included in the attached Notice of Meeting.

4.2 Capital Raisings

As a condition precedent to the Proposed Transaction, Gage Roads will undertake the Capital Raising at an issue price of \$0.025 per share by issuing approximately 341.1 million shares to raise approximately \$8.5 million.

The Company will also complete the Placement at an issue price of \$0.025 per share by issuing approximately 63.9 million shares to raise approximately \$1.6 million.

The funds raised (net of capital raising costs) will be used:

- to undertake the Proposed Transaction for the Consideration of \$1.56 million;
- to reduce the ANZ credit facility by approximately \$4.7 million to \$5.0 million; and
- \$3.2 million will be used for working capital requirements.

The Capital Raising is fully underwritten by Argonaut Capital Limited. It is a condition precedent to the underwriting agreement that all Resolutions included in the attached Notice of Meeting are passed. As part of the costs of the Capital Raising, Gage Roads will issue 15,000,000 new options to Argonaut Capital Limited at an exercise price of \$0.07 which expire 3 years from date of issue.

4.3 Impact of the Proposed Transaction on the Capital Structure of Gage Roads

As the date of this Report, Gage Roads has 426,332,293 shares on issue. Woolworths holds 23.46% of the issued shares in Gage Roads. Following the Capital Raising, Placement and completion of the Proposed Transaction, Gage Roads will have a total of 731,281,822 shares on issue. Woolworths will no longer have a relevant holding. The below table shows the number of Gage Roads shares that will be on issue following the Capital Raising, Placement and completion of the Proposed Transaction.

	Woolworths	Other Shareholders	Total
Issued shares at the date of our Report	100,016,305	326,315,988	426,332,293
% holding at the date of our Report	23.46%	76.54%	100.00%
Following the Proposed Transaction:			
Issued shares at the date of our Report	100,016,305	326,315,988	426,332,293
Shares to be bought back from Woolworths	(100,016,305)	-	(100,016,305)
Number of shares to be issued under the Capital Raising	-	341,065,834	341,065,834
Number of shares to be issued under the Placement	-	63,900,000	63,900,000
Number of shares after the approval of the Proposed Transactions	-	731,281,822	731,281,822
% holding after the approval of the Proposed Transactions	0.0%	100.0%	100.0%

Source: BDO analysis

The above table does not include the proposed issue of Shares under the Gage Roads Executive and Employee Share Plan, which is the subject to shareholder approval under Resolutions 3 to 5 of the attached Notice of Meeting.

5. Profile of Gage Roads Brewing Co Limited

5.1 History

Gage Roads is an independent Australian brewer of craft beers. The Company was established in 2003, and officially listed on the ASX on 13 December 2006. The Company's brewery is located in Palmyra, Western Australia. The current board members and senior management of Gage Roads are:

- Mr Ian Olson - Non-Executive Chairman;
- Mr Chris Baddock - Non-Executive Director;
- Mr John Hoedemaker - Managing Director;
- Mr Robert Gould - Non-Executive Director; and
- Mr Marcel Brandenburg - Company Secretary and Chief Financial Officer.

The Company operates in two segments comprising proprietary brand brewing and contract brewing. Through its contract brewing services division, Australian Quality Beverages ('AOB'), Gage Roads provides specialist contract brewing and packaging services to brand owners across Australia.

The Company's proprietary craft beer brands include crafted ales such as Sleeping Giant India Pale Ale, Single Fin Summer Ale, Narrow Neck Session Ale, Break Water Australian Pale Ale and Atomic American Pale Ale and crafted lagers such as Small Batch Lager and Pils 3.5.

5.2 Recent announcements

On 18 April 2016, the Company announced that its contract beverage division, AOB, executed an extension to its brewing agreement with Matso's Broome Brewery. The extended term for up to 26 months involves an initial term of 14 months to 30 June 2017 with an additional 12 month option thereafter. This agreement is aimed at allowing the Company to focus on the production of high-quality, high-value products in the craft beer sector.

On 16 May 2016, the Company announced a change in operational strategy which would be focused on growing its proprietary craft beer range and the production of high quality, higher margin products. Part of this revised strategy involved a three-year extension of its supply and distribution agreement with Pinnacle Liquor Group ('Pinnacle'), a subsidiary of Endeavour Drinks Group (formerly Woolworths Liquor Group). This agreement provided a reduction in minimum volume commitments from Pinnacle over the years 2017 to 2019, therefore allowing Gage Roads to focus on the supply and increased distribution of its higher-margin proprietary craft beers whilst simultaneously maintaining overall production volumes.

On 20 May 2016, Gage Roads announced that it had won Australia's highest brewing award with its newly-produced 'Little Dove' Draught.

On 21 June 2016, the Company released an operational update which announced the advancement of its 5-year plan with the appointment of a new National Sales and Marketing Manager. This new appointment is aligned with the Company's strategic plan to grow its national Sales and Marketing team to support the growth of its proprietary products.

5.3 Historical Balance Sheet

Statement of Financial Position	Audited as at 30-Jun-16 \$	Reviewed as at 31-Dec-15 \$	Audited as at 30-Jun-15 \$
CURRENT ASSETS			
Cash and cash equivalents	3,559,236	2,510,341	1,617,075
Trade and other receivables	2,986,294	2,904,370	2,132,905
Inventories	1,752,152	2,679,453	2,162,652
TOTAL CURRENT ASSETS	8,297,682	8,094,164	5,912,632
NON-CURRENT ASSETS			
Property, plant and equipment	22,666,677	23,113,488	23,335,740
Deferred tax assets	2,874,095	2,897,248	3,239,625
Intangible assets	12,188	28,275	48,405
TOTAL NON-CURRENT ASSETS	25,552,960	26,039,011	26,623,770
TOTAL ASSETS	33,850,642	34,133,175	32,536,402
CURRENT LIABILITIES			
Trade and other payables	7,195,989	7,513,941	6,720,160
Borrowings	9,685,319	9,689,255	9,723,170
TOTAL CURRENT LIABILITIES	16,881,308	17,203,196	16,443,330
NON-CURRENT LIABILITIES			
Provisions	231,400	221,300	197,600
TOTAL CURRENT LIABILITIES	231,400	221,300	197,600
TOTAL LIABILITIES	17,112,708	17,424,496	16,640,930
NET ASSETS	16,737,934	16,708,679	15,895,472
EQUITY			
Contributed equity	26,012,998	26,012,998	26,012,998
Share option reserves	1,254,296	1,106,311	1,024,187
Accumulated losses	(10,529,360)	(10,410,630)	(11,141,714)
TOTAL EQUITY	16,737,934	16,708,679	15,895,471

Source: Audited financial statements for the years ended 30 June 2016 and 30 June 2015 and reviewed half-yearly financial statements for the half- year ended 31 December 2015.

Commentary on Historical Balance Sheet

- We note that Gage Road's auditor issued an emphasis of matter paragraph in the audited financial report for the year ended 30 June 2016. The auditor outlined the existence of material uncertainty in relation to the Company's ability to continue as a going concern being dependent upon the future successful raising of necessary funding through equity or the renegotiation of existing debt facilities.

- Inventories comprise raw material and stores, work-in-progress and finished good, as set out below:

Inventories	Audited as at 30-Jun-16 \$	Reviewed as at 31-Dec-15 \$	Audited as at 30-Jun-15 \$
Raw materials & stores - at cost	1,421,229	1,639,536	1,502,822
Work-in-progress - at cost	148,787	134,029	83,521
Finished goods - at cost	182,136	905,888	576,309
TOTAL INVENTORIES	1,752,152	2,679,453	2,162,652

During the financial year ended 30 June 2016 and 30 June 2015 amounts of \$157,227 and \$407,223 respectively were written off as new product development costs, obsolete stock and operational waste.

- Property, plant and equipment comprise the Company's brewery located in Palmyra, Western Australia and other related plant and equipment, office equipment and motor vehicles.
- Deferred tax assets are recognised for deductible temporary differences and unused tax losses if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.
- Intangible assets comprise the Company's trademarks and product development. Intangible assets decreased \$48,405 as at 30 June 2015 to \$12,188 as at 30 June 2016 primarily due to amortization.
- Trade and other payables comprise trade payables, payables for capital purchases, goods and services tax ('GST') payable and other payables. Other payables include accruals for annual leave.
- Current borrowings of approximately \$9.69 million as at 30 June 2016 relate to an agreement with Australia New Zealand Banking Group ('ANZ') relating to a committed credit facility of \$9.70 million. On 17 May 2016, the Company executed a letter which waived the requirement for the Company to report on the 31 March 2016 covenant, which would have otherwise been breached.
- The balance for non-current provisions as at 30 June 2016 totalling \$231,400 relates to long service leave.

5.4 Historical Statement of Comprehensive Income

Statement of Comprehensive Income	Audited for the year ended 30-Jun-16	Audited for the year ended 30-Jun-15	Audited for the year ended 30-Jun-14
	\$	\$	\$
Revenue			
Sales revenue	25,502,310	24,395,423	27,430,177
Interest revenue	266	5,782	76,281
Other Income	234,983	157,154	84,217
Foreign exchange gain	(90,536)	46,509	-
Expenses			
Raw materials, consumables & delivery	(12,290,661)	(12,021,627)	(14,393,427)
Operating expenses	(2,869,150)	(4,174,569)	(5,553,261)
Employee benefit expenses	(5,528,710)	(5,903,931)	(5,529,226)
Depreciation & amortisation expenses	(1,149,816)	(1,266,202)	(1,002,136)
Impairment charges	-	(170,654)	(32,686)
Sales & marketing expenses	(917,778)	(626,598)	(384,345)
Administration expenses	(486,092)	(576,105)	(507,607)
Occupancy expenses	(850,188)	(524,437)	(337,596)
Finance costs	(576,745)	(514,449)	(331,820)
Loss from continuing operations before income tax	977,883	(1,173,704)	(481,429)
Income tax benefit/(expense)	(365,530)	346,882	104,187
Loss from continuing operations after income tax	612,353	(826,822)	(377,242)

Source: Audited financial statements for the years ended 30 June 2016, 30 June 2015 and 30 June 2014.

Commentary on Historical Statement of Comprehensive Income

- Sales revenue comprises sale of goods less excise tax and wine equalisation tax collected. Sales revenue decreased by approximately 11% to \$24.4 million during the financial year ended 30 June 2015 driven by challenging market conditions, material reduction of customer inventories and delays in the launch of the Company's refreshed proprietary craft range. Sales revenue increased by 4.5% for the financial year ended 30 June 2016.
- Other income comprises sundry sales, as detailed below.
 - Other income of \$84,217 earned during the financial period ended 30 June 2014 related to the sale of spent grain and net gain from an insurance claim on damaged tanks.
 - Other income of \$157,154 earned during the financial period ended 30 June 2015 related to credits from suppliers for non-conformance, sale of an asset, sale of pallets and spent grain.
 - Other income of \$234,983 earned during the financial period ended 30 June 2016 related to sale of spent grain, an insurance claim, credits from suppliers for non-conformance, profit from marketing events, sale of an asset and warehousing income.
- Foreign exchange gain of \$46,509 during the financial year ended 30 June 2015 can be primarily attributed to movements in contracts entered into with a bottle supplier in Bangkok. The

Company recorded a foreign exchange loss of \$90,536 for the financial year ended 30 June 2016. We have been advised by management that to mitigate adverse movements in the exchange rate, the Company hedges AUD/USD based on the annual forecast demand for bottles using forward exchange contracts.

- Operating expenses comprise the following:
 - variable overheads such as utilities, cleanings chemicals and quality assurance testing;
 - warehouse operating costs; and
 - maintenance costs.
- During the financial years ended 30 June 2016, 30 June 2015 and 30 June 2014 approximately \$0.16 million, \$0.41 million and \$1.10 million respectively related to operational waste expense incurred. As announced on 28 April 2014, a processing fault resulted in products being manufactured which failed to meet the Company's strict quality assurance standards. This resulted in the loss of approximately 140,000 cartons, representing \$1.12 million in gross profit and corresponding fixed expenditure costs.
- Employee benefit expenses increased from \$5.53 million for the year ended 30 June 2014 to \$5.90 million for the year ended 30 June 2015. This was a result of an increase in headcount in the Company's Quality Assurance and Health, Safety and Environment departments, as well as salary adjustments to senior management to reflect market rates. Employee benefits expense decreased to \$5.53 million for the year ended 30 June 2016.
- Depreciation and amortisation expenses for the year ended 30 June 2016 comprise depreciation for plant and equipment, office equipment and motor vehicles and amortisation of intangible assets.
- Impairment charges of \$170,654 for the year ended 30 June 2015 and \$32,686 for the year ended 30 June 2014 relate to obsolete plant and equipment. No impairment charges were recorded for the year ended 30 June 2016.
- Sales and marketing expenses increased from \$384,345 for the year ended 30 June 2014 to \$626,598 for the year ended 30 June 2015. This increase can be attributed to the Company's increase in marketing and promotional activity to accommodate the draught, marketing and rebranding strategies for its proprietary product portfolio. Sales and marketing expenses increased to \$917,778 for the year ended 30 June 2016.
- Occupancy costs are incurred on the Company's head office located in Palmyra, Western Australia and their warehouse facility based in O'Connor, Western Australia. Management has advised that both rental agreements are at arm's length.

5.5 Capital Structure

The share structure of Gage Roads as at 18 August 2016 is outlined below:

	Number
Total ordinary shares on issue	426,332,293
Top 20 shareholders	241,181,424
Top 20 shareholders - % of shares on issue	56.57%

Source: Company's share register

The range of shares held in Gage Roads as at 18 August 2016 is as follows:

Range of Shares Held	Number of Ordinary Shareholders	Number of Ordinary Shares	Percentage of Issued Shares (%)
1 - 1,000	72	3,758	0.00%
1,001 - 5,000	223	833,570	0.20%
5,001 - 10,000	350	2,994,347	0.70%
10,001 - 100,000	1,316	53,262,166	12.49%
100,001 - and over	449	369,238,452	86.61%
TOTAL	2,410	426,332,293	100.00%

Source: Company's share register

The ordinary shares held by the most significant shareholders as at 18 August 2016 are detailed below:

Name	Number of Ordinary Shares Held	Percentage of Issued Shares (%)
Woolworths Limited	100,016,305	23.46%
Mr Shimin Song	51,881,412	12.17%
BNP Paribas Noms Pty Ltd	7,850,737	1.84%
Subtotal	159,748,454	37.47%
Others	266,583,839	62.53%
Total ordinary shares on issue	426,332,293	100.00%

Source: Company's share register

6. Profile of Woolworths Limited

6.1 History

Woolworths is an Australian company and was officially listed on the ASX on 12 July 1993. Woolworths is headquartered in Bella Vista, New South Wales, and derives majority of its income from retailing food and groceries, liquor, petrol, general merchandise and home improvement products from operating in both Australia and New Zealand. Woolworth's current board members and senior management are:

- Mr Gordon Cairns - Chairman;
- Mr Brad Banducci - Managing Director and Chief Executive Officer;
- Mrs Jillian Broadbent - Non-Executive Director;
- Ms Holly Kramer - Non-Executive Director;
- Ms Siobhan McKenna - Non-Executive Director;
- Mr Scott Perkins - Non-Executive Director;
- Ms Kathee Tesija - Non-Executive Director;
- Mr Michael Ullmer - Non-Executive Director; and
- Mr Richard Dammary - Chief Legal Officer and Company Secretary.

On 15 May 2009, the Company announced that it had entered into an agreement with Woolworths under which Woolworths would acquire 25% of Gage Roads through a private placement and become a cornerstone investor in the Company. In addition to the private placement, Gage Roads entered into a supply agreement with Woolworths whereby the Company agreed to brew 350,000 cases of beer per year for Woolworths.

On 30 April 2013 and 31 May 2013, Woolworths was issued 13,563,439 and 1,124,976 ordinary shares in Gage Roads respectively. This issue was in accordance with the Subscriber Rights Deed between both Woolworths and the Company dated 15 May 2009. Since the agreement, Woolworths has neither acquired nor disposed of Gage Roads shares. However, its relevant interest has been diluted as a result of an increase in the number of Gage Roads shares on issue.

As at the date of this Report, Woolworth's has a relevant holding of 23.46% in Gage Roads.

7. Economic analysis

Global outlook

Overall, the global economy is continuing to grow, though at a slightly slower pace than earlier expected. Although several advanced economies have seen improved growth over the past year, conditions have become more difficult for a number of emerging market economies. Key commodity prices have significantly declined over the past few years as a result of increased supply and weaker demand.

In China, economic activity has eased and the growth rate has continued to moderate following the Government's stimulus plan, which will see China shift away from an economy dependent on manufacturing, to one driven by consumer demand. China's demand for commodities such as crude oil, steel, coal and other raw materials have decreased, therefore affecting the global economy.

Global financial markets have seen improved sentiment following a period of increased volatility. However, uncertainty regarding the global economic outlook and policy settings for major jurisdictions continues. Globally, monetary policy remains accommodative.

Australia

The Australian economy seems to be continuing to rebalance off the end of the mining boom despite a large decline in business investment. Throughout 2015, overall GDP growth seemed to pick up, along with an increasingly healthy labour market. Lending to businesses picked up, which was reflected in healthy labour market conditions. The inflation rate remains low in Australia, along with other parts of the world. This is likely to continue over the next few years with the help of restrained labour costs.

Commodity prices

Recently, commodity prices have increased, albeit slightly. They are, however, still much lower than that of a few years ago. Trade from the Australian economy remains much lower than it has been in recent years. Prices tend to rely on demand, in particular from the Chinese industrial sector, along with the response to changes in supply. Due to low oil prices, producers of bulk commodities have in general been reducing their cost of production, as oil is an important input for the transportation of these commodities. However, the ability for these producers to keep on reducing their costs is unlikely and may lead to firms exiting the market.

Financial markets

The financial markets have experienced heightened volatility recently due to the re-pricing of assets following Britain's exit from the European Union. However, most markets have continued to function effectively. Funding costs for high-quality borrowers remain low and monetary policy around the globe remains generous.

Interest rates

Credit is recording moderate growth overall. Low interest rates are acting to support borrowing and spending. Growth in lending to the housing market has broadly been steady over recent months. Dwelling prices have risen recently in many parts of Australia; however an influx of apartments onto the property market is expected over the next few years.

Australian dollar

The Australian dollar has appreciated recently, despite its noticeable declines against the US dollar over the past year. This in part reflects rises in commodity prices, along with monetary developments globally

having a positive impact. Due to current economic circumstances, a strengthening exchange rate could complicate the adjusting economy.

Implications for Gage Roads

The heightened volatility recently exhibited within financial markets in Australia may impact Gage Roads with participants seeming increasingly uncertain about future prospects. However, conditions are calmer than what they were which is a positive sign. Further, the move away from investment in the traditional mining and exploration stocks may bode well for Gage Roads' future.

Continued economic growth is likely to positively affect the Company, with increasing personal wealth and real household discretionary income meaning craft beers are likely to become more attractive to consumers.

Source: www.rba.gov.au Statement by Glenn Stevens, Governor: Monetary Policy Decision 5 July 2016

8. Industry analysis

8.1 Overview of the craft beer production industry in Australia

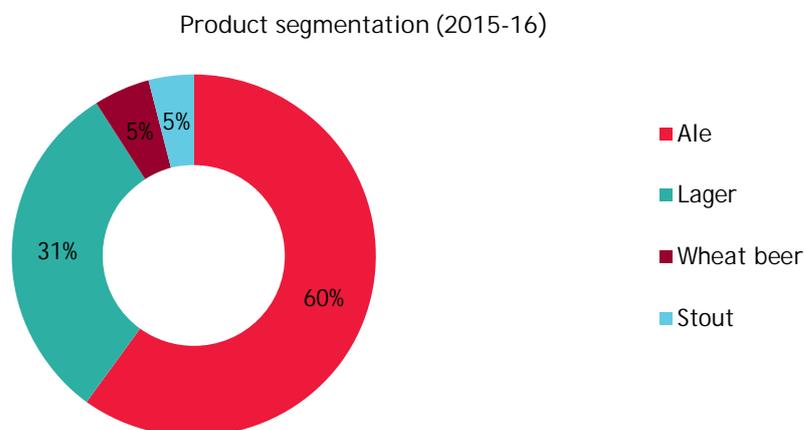
Firms who operate in the craft beer production industry in Australia are primarily focused on the production and distribution of craft beer. These products are sold in pubs, bars, food-service establishments, supermarket chains and other distribution channels.

Major companies in the industry include Lion Proprietary Limited, SABMiller Beverage Investments Proprietary Limited and Asahi Holdings (Australia) Proprietary Limited. Often, larger players in the craft beer production industry engage in acquisition opportunities that involve key craft beer brands in order to expand operations and exploit economies of scale.

8.2 Products

The craft beer production industry brews a wide variety of beers, altered in terms of aroma, flavour, bitterness, alcohol content and colour through various production methods. The primary products offered by the industry are ales and lagers, with stouts and wheat beers accounting for a smaller portion of the industry.

The product segmentation of the industry is set out below.



Source: IBISWorld

8.3 Key external drivers

The most influential external drivers which impact upon the operations of craft beer production companies include demand from liquor retailing, demand from pubs, bars and nightclubs, alcohol consumption and real household discretionary income.

Demand from liquor retailing and demand from pubs, bars and nightclubs are vital drivers for the industry. Demand from liquor stores in Australia such as Dan Murphy's and Liquorland, as well as specialty and niche retailers, provide craft beer producers with wider distribution opportunities and an increase in sales. According to IBISWorld, demand from liquor retailing is forecast to grow in 2016 which may assist companies that operate within the industry. Further, demand from pubs, bars and nightclubs is also forecast to grow in 2016.

As craft beers are a discretionary purchase, real household discretionary income is an important factor which impacts upon the operations of craft beer producers. Higher priced craft beers are most susceptible to changes in income, as consumers either look towards a similar, cheaper brand or abstain from the purchase of craft beer altogether when discretionary income is particularly low. IBISWorld forecasts household discretionary income to increase over 2016, which will likely benefit craft beer producers with high-quality and high-priced products.

8.4 Current performance

Over the past five years, the craft beer production industry has experienced significant growth. Factors such as changing consumer preferences, particularly towards premium beers, and a growing emphasis on quality in regards to liquor have benefited the industry greatly over this period. Further, the production of craft beers has expanded nationally, with nearly every state in Australia producing numerous styles and flavours.

Although major brewers such as Lion Proprietary Limited and SABMiller Beverage Investments Proprietary Limited have dominated the industry over this period, smaller niche brewers have also started to emerge as competitive players. Smaller niche breweries have become increasingly popular, with consumer preferences continuing to shift towards premium and craft beers that emphasise on unique, seasonal and small batches with a local or regional focus.

8.5 Industry outlook

During the next five years through 2020-21, the craft beer production industry is expected to be exposed to new avenues of growth through the introduction of innovative new product lines. Consumer demand for innovative beers is expected to heighten as preferences continue shifting away from traditional beers and towards premium varieties.

The next five years will likely see a number of new entrants into the industry, hoping to capitalise on the increased demand for craft beers and the low barriers to entry. Further, the increasing popularity of artisanal beers is a positive signal for potential entrants, especially smaller breweries that brand their products from specific regions showing they have a local or regional focus. Marketing will therefore play an important part over the next five years, with craft beer producers who don't maintain branding that is both attractive and appealing to customers at risk of losing credibility.

Over the next five years, IBISWorld predicts industry revenue to increase at an annualised 6.3% to reach approximately \$512 million.

Source: IBISWorld

9. Valuation approach adopted

There are a number of methodologies which can be used to value a business or the shares in a company. The principal methodologies which can be used are as follows:

- Capitalisation of future maintainable earnings ('FME')
- Discounted cash flow ('DCF')
- Quoted market price basis ('QMP')
- Net asset value ('NAV')
- Market based assessment such as a Resource Multiple

A summary of each of these methodologies is outlined in Appendix 2.

Different methodologies are appropriate in valuing particular companies, based on the individual circumstances of that company and available information.

9.1 Valuation of Gage Roads

In our assessment of the value of Gage Rods' shares we have chosen to employ the following methodologies:

- Capitalisation of future maintainable earnings (FME);
- Net asset value (NAV) on a going concern basis; and
- QMP as this represents the value that a Shareholder can receive for a share if sold on the market.

Methodologies adopted

We have chosen these methodologies for the following reasons:

- Gage Roads is a well-established business with an earnings history so we would expect that an earnings based methodology should be the most suitable approach;
- We have also considered the net asset value as this provides a minimum value based on the underlying value of the assets on a going concern basis;
- The QMP basis is a relevant methodology to consider because Gage Roads shares are listed on the ASX and this reflects the value that a Shareholder will receive for a share sold on the market. This means there is a regulated and observable market where Gage Roads shares can be traded. However, in order for QMP to be considered appropriate, the Company's shares should be liquid and the market should be fully informed of the Company's activities; and
- We have not considered the DCF methodology because we have not been provided with forecast cash flows that extend sufficiently into the future.

10. Valuation of Gage Roads

10.1 Future Maintainable Earnings Value

When performing an FME valuation we must determine what the future maintainable earnings of Gage Roads are and then determine an appropriate capitalisation multiple to apply to these earnings.

In calculating future maintainable earnings, the figure selected should represent what is currently sustainable. Any anticipated growth in earnings is accounted for via the capitalisation rate. We have reviewed the historical performance of Gage Roads for the years ended 30 June 2014, 30 June 2015 and 30 June 2016.

We have made adjustments to the earnings before interest, taxation, depreciation and amortisation ('EBITDA') for the following material items:

- non-recurring or one-off items such as profit on sale of assets;
- non-operating revenues and expenses; and
- abnormal or non-commercial transactions.

Normalised Earnings

The objective of normalising earnings is to determine the underlying profitability expected to be maintained by Gage Roads. Our adjustments are limited to those adjustments obvious from a review of the detailed financial statements and those provided by the management of Gage Roads.

Our normalisation adjustments are set out below:

	Year ended 30-Jun-16 \$	Year ended 30-Jun-15 \$	Year ended 30-Jun-14 \$
Net profit/(loss) after tax	612,353	(826,822)	(377,242)
Add back: Income tax	365,530	(346,882)	(104,187)
Deduct: Interest income	(266)	(5,782)	(76,281)
Add back: Interest expense	576,745	514,449	331,820
EBIT	1,554,362	(665,037)	(225,890)
Add back: Depreciation	1,149,816	1,266,202	1,002,136
Unadjusted EBITDA	2,704,178	601,165	776,246
Normalisation Adjustments:			
Other income	(234,983)	(157,154)	(84,217)
Foreign exchange gain	90,536	(46,509)	-
Impairment charges	-	170,654	32,686
Operational waste expenses	-	407,223	1,125,038
Bad debts	3,878	18,693	35,491
Total Normalisation Adjustments	(140,569)	392,907	1,108,998
Normalised EBITDA	2,563,609	994,072	1,885,244

Source: BDO analysis

The following normalisation adjustments were made to the EBITDA for Gage Roads.

Adjustment 1: Other income - warehousing income

Other income comprises sundry sales, as detailed below.

- Other income of \$84,217 earned during the financial period ended 30 June 2014 related to the sale of wastage grain to farmers and net gain from an insurance claim on damaged tanks.
- Other income of \$157,154 earned during the financial period ended 30 June 2015 related to credits from suppliers for non-conformance, sale of an asset, sale of pallets and spent grain.
- Other income of \$234,983 earned during the financial period ended 30 June 2016 related to sale of spent grain, an insurance claim, credits from suppliers for non-conformance, profit from marketing events, sale of an asset and warehousing income.

We do not consider the above other income items to be normal business operating revenue. Therefore we have deducted them.

Adjustment 2: Foreign exchange gain/loss

Foreign exchange gain/losses relate to USD/AUD forward exchange contracts entered into with ANZ for the purpose of hedging imported bottles from Bangkok to mitigate the price fluctuations of raw materials.

We consider foreign exchange gains and losses to be one-off business revenue. Therefore, we have deducted the foreign exchange gain made during the financial period ended 30 June 2015 and added back the foreign exchange loss made during the financial period ended 30 June 2016.

Adjustment 3: Impairment charges

We do not consider impairment charges to be normal business operating expense, and therefore we have added it back.

Adjustment 4: Operational waste expense

During the financial years ended 30 June 2015 and 30 June 2014 approximately \$0.4 million and \$1.1 million, respectively related to operational waste expense.

As announced on 28 April 2014, a processing fault resulted in products being manufactured which failed to meet the Company's strict quality assurance standards, resulting in the loss of approximately 140,000 cartons, representing \$1.12 million in gross profit and corresponding fixed expenditure costs.

We consider the above operational waste expenses to be non-recurring operating expenses, and therefore we have added it back.

Adjustment 5: Bad debt expense

Management has advised us that the bad debt expense incurred during the financial year ended 30 June 2015 of \$18,693 relate to invoicing discrepancies from prior periods. The bad debt expense of \$35,491 incurred during the financial year ended 30 June 2014 related to two clients, which management has advised is a one-off expense. The Company also incurred a bad debts expense of \$3,878 for the financial year ended 30 June 2016.

As such, we consider the bad debt expenses to be non-recurring operating expenses, and therefore we have added it back.

Calculating Future Maintainable Earnings

In calculating future maintainable earnings, we have considered the historical levels of each year's EBITDA to determine an estimated future maintainable earnings position for Gage Roads. The purpose of this is to derive a sustainable level of profitability that we consider to be achievable in the future.

	Year ended 30-Jun-16	Year ended 30-Jun-15	Year ended 30-Jun-14
	\$	\$	\$
Normalised EBITDA	2,563,609	994,072	1,885,244

In our assessment of the future maintainable earnings for Gage Roads, we note that the earnings of the Company for the financial year ended 30 June 2015 was significantly lower than the earnings for the financial year ended 30 June 2014 and for the financial year ending 30 June 2016.

The main driver for the lower EBITDA during the financial year ended 30 June 2015 is the shift in business strategy away from being a high volume low margin contract brewer with a reliance on Woolworths for volumes to a greater concentration on its proprietary craft beer range and the production of high quality, higher margin products. As a result of this shift in business strategy, the Company has experienced a decline in volumes which has impaired profitability growth in the short term.

Based on the above, our assessment of the future maintainable earnings for Gage Roads is in the range from \$1.90 million to \$2.50 million, with a midpoint of \$2.2 million.

Calculation and Application of an Earnings Multiple

The next step in assessing the FME valuation of Gage Roads is to determine an appropriate capitalisation multiple to apply to our assessed future maintainable earnings.

Inherently, a capitalisation multiple should reflect the risks and likely growth associated with a business. More comprehensively, it should consider such factors as:

- stability and quality of earnings;
- future prospects of the business including growth potential and the industry in which it is engaged, strength of competitors, barriers to entry, imminent technology changes, etc;
- quality of the management and the likely continuity of management;
- nature and size of the business;
- critical success factors of the business (for example, location, pricing, product mix);
- source and supply of product and labour;
- financial structure of the business and gearing levels;
- industry cycle considerations;
- current and expected changes in interest rates;
- negotiability of shares; and
- quality of financial information.

The standard FME methodology guides us to derive our capitalisation multiple from multiples with apply to comparable businesses. However, in practice, it is accepted that because there is no identical business from which to derive the capitalisation multiple, it will comprise a multiple derived from the most comparable companies for which information is publicly available, adjusted to take account of the various ways in which the most comparable companies are different to the business being valued.

Comparable company analysis - trading multiples

In carrying out our analysis on trading multiples, information on potential comparable companies was gathered using S&P Capital IQ and Bloomberg. We selected a group of companies which we considered to be most comparable to Gage Roads due to:

- the nature of their operating activities;
- exposure to a similar end user market; and
- similar risks faced with respect to their on-going business operations.

A total of 14 comparable publicly listed companies were identified based on our search criteria. Summary descriptions and brief financial data for those identified 'most comparable companies' are set out in Appendix Three.

Majority of the companies identified as comparable, are the larger international beer and liquor producing companies who not only specialise in the production of beer, but also offer other products such as water, juices and soft-drinks, with some of the identified companies being involved in the restaurant and pub industry. The EBITDA of the 14 comparable companies ranged from \$0.8 million to \$21.02 million, with the EBITDA of majority of the companies being significantly larger than the EBTIDA of Gage Roads. Similarly, the market capitalisation of the 14 comparable companies ranged from \$12.012 million to \$264,709.50 million.

Of our comparable companies, we consider BHB Brauholding Bayern-Mitte AG ('BHB'), Park & Bellheimer AG ('Park & Bellheimer') and Khoday India Limited ('Khoday') to be most comparable due to:

- the similar nature of their business;
- the similar size of their EBITDA (ranging from \$2.24 million to \$5.55 million); and
- the comparable size of their market capitalisation (ranging from \$12.01 million to \$41.45 million).

However, due to the relatively specialised nature of the operating activities of Gage Roads, the identified three 'most comparable companies' are not identical. We note that while these are similar to Gage Roads in their operations, there are significant differences which we have highlighted below:

- BHB engages in the brewery business in Germany. It offers wheat beer, as well as mineral water and soft drinks. The company markets and sells its products under the Herrnbräu and Bernadett Brunnen brand names. BHB Brauholding Bayern-Mitte AG was founded in 1882 and is based in Ingolstadt, Germany.
- Park & Bellheimer manufactures and brews beer in Germany. The company also offers other products such as soft-drinks. Park & Bellheimer offers its products under the Park, Bellheimer, Valentins Weissbier, Rheingonheimer, and Bellairs brand names. Park & Bellheimer AG was incorporated in 1888 and is based in Pirmasens, Germany.
- Khoday engages in the liquor business in India and internationally. The company operates through Liquor, Glass, Contract, Systems, and Others segments. It offers Indian made foreign liquor

products under the Peterscot, Red Knight Select, and Red Knight Reserve whisky brands. The company was founded in 1906 and is based in Bengaluru, India.

In consideration of the above factors, we consider that the above companies identified provide the closest listed comparables from which it is practical to draw an earnings multiple. The earnings multiple for BHB, Park & Bellheimer and Khoday are shown below:

Company Name	Market Capitalisation (\$m)	Net Debt (\$m)	Enterprise Value (\$M)	EBITDA (\$m)	EBITDA multiple
BHB Brauholding Bayern-Mitte AG	12.25	(1.00)	11.25	2.24	5.0
Park & Bellheimer AG	12.01	4.45	16.75	2.25	7.5
Khoday India Limited	41.45	-	41.45	5.55	7.5
				Mean	6.7
				Median	7.5

Comparable Transactions

We have also undertaken an analysis ETBIDA and revenue multiples derived from comparable market transactions.

A total of 15 transactions were identified based on our search criteria. Summary descriptions and brief financial data relating to the transactions for those identified 'most comparable transactions' are set out in Appendix Four.

The EBITDA of the target companies of the 15 comparable transactions ranged from \$1.3 million to \$3,770.2 million, with the EBITDA of majority of the target companies being significantly larger than the ETBIDA of Gage Roads.

As such, we have not relied on the EBITDA and revenue multiples derived from the comparable transaction, as the businesses involved in the transactions are not directly comparable to Gage Roads. Therefore, we acknowledge that there may be differences between the operations of the target companies reflected in the comparable transactions and that of Gage Roads.

Summary of Future Maintainable Earnings Value

In consideration of all the above factors, we consider that an appropriate multiple to apply to the earnings of Gage Roads is between 7.0 and 8.0. The application of this multiple results in the values shown below:

	Low Value \$'000s	Midpoint Value \$'000s	High Value \$'000s
Future maintainable earnings	1,900	2,200	2,500
EBITDA Multiple	7.00	7.50	8.00
Enterprise value of the business	13,300	16,500	20,000

Source: BDO analysis

Assessing the equity value of the Company

Our analysis has assessed the enterprise value of the business of Gage Roads. There are two steps to convert this to an equity value:

- converting the enterprise value of the business of Gage Roads to an equity value for the business of Gage Roads by deducting net debt; and

- converting the equity value for the business of Gage Roads to an equity value for the Company by adding any surplus assets and deducting any surplus liabilities which are not considered to be related to the ordinary course of Gage Roads business.

Equity value of the business of Gage Roads

The approach we have taken is to value the business of Gage Roads utilising the FME methodology above, and then to adjust this value by subtracting the value of net debt, adding the value of any surplus assets and deducting the value of surplus liabilities to derive the equity value of the Company. The results of our valuation are summarised below.

	Low Value \$'000s	Midpoint Value \$'000s	High Value \$'000s
Enterprise value of the business	13,300	16,500	20,000
Less: Net business debt	(6,126)	(6,126)	(6,126)
Equity value of the Company	7,174	10,374	13,874

We have deducted the net debt based on the balance sheet as at 30 June 2016. Gold Roads has the following net business debt:

	Audited as at 30-Jun-16 \$'000s
Net Business Debt	
Less: Net business debt	(9,685)
Add: Cash and cash equivalents	3,559
Net business debt	(6,126)

Equity value of the Company

We do not consider there to be any surplus assets or liabilities in the financial statements of Gage Roads as at 30 June 2016. Therefore, no adjustments were made and the equity value for the business of Gage Roads is equivalent to the equity value of the Company.

Gage Roads currently has 426,332,293 shares on issue.

	Low Value \$	Midpoint Value \$	High Value \$
Equity value of the Company	7,174	10,374	13,874
Number of shares	426,332	426,332	426,332
FME Value per share	0.017	0.024	0.033

Source: BDO analysis

In our opinion, the value of a Gage Roads share is in the range of \$0.017 and \$0.033, with a midpoint value of \$0.024.

10.2 Net Asset Valuation of Gage Roads

The value of Gage Roads assets on a going concern basis is reflected in our valuation below:

NAV	Audited as at 30-Jun-16 \$
CURRENT ASSETS	
Cash and cash equivalents	3,559,236
Trade and other receivables	2,986,294
Inventories	1,752,152
TOTAL CURRENT ASSETS	8,297,682
NON-CURRENT ASSETS	
Property, plant and equipment	22,666,677
Deferred tax assets	2,874,095
Intangible assets	12,188
TOTAL NON-CURRENT ASSETS	25,552,960
TOTAL ASSETS	33,850,642
CURRENT LIABILITIES	
Trade and other payables	7,195,989
Borrowings	9,685,319
TOTAL CURRENT LIABILITIES	16,881,308
NON-CURRENT LIABILITIES	
Provisions	231,400
TOTAL CURRENT LIABILITIES	231,400
TOTAL LIABILITIES	17,112,708
NET ASSETS	16,737,934
Shares on issue (number)	426,332,293
Value per share (\$)	0.039

Source: BDO analysis

We have valued Gage Roads on a net asset basis based on audited financial statements as at 30 June 2016. We have been advised that there has not been a significant change in the net asset position of Gage Roads since 30 June 2016. We have assumed that the fair market value of the assets and liabilities as at 30 June 2016 are equal to the carrying values as set out in the above statement of financial position.

As at the date of our Report, Gage Roads has 426,332,293 fully paid ordinary shares on issue.

The table above indicates the net asset value of a Gage Roads share is \$0.039.

10.3 Quoted Market Prices for Gage Roads Securities

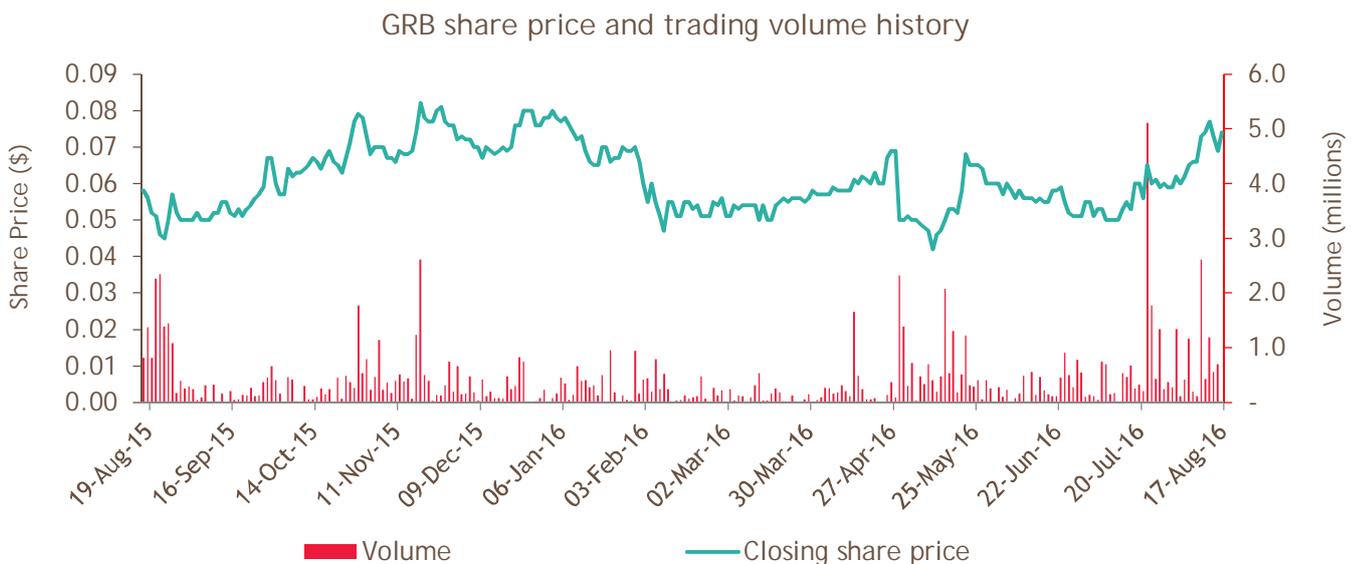
To provide a comparison to the valuation of Gage Roads in Sections 10.1 and 10.2, we have also assessed the quoted market price for a Gage Roads share.

The quoted market value of a company's shares is reflective of a minority interest. A minority interest is an interest in a company that is not significant enough for the holder to have an individual influence in the operations and value of that company.

Minority interest value

Our analysis of the quoted market price of a Gage Roads share is based on the pricing prior to the announcement of the Proposed Transaction. This is because the value of a Gage Roads share after the announcement may include the effects of any change in value as a result of the Proposed Transaction.

Information on the Proposed Transaction is yet to be announced to the market, therefore our analysis of the quote market price has been done up until 17 August 2016. Therefore, the following chart provides a summary of the share price movement over the 12 months to 17 August 2016.



Source: Bloomberg, BDO analysis

The daily price of Gage Roads shares over the 12 months to 17 August 2016 has ranged from a low of \$0.041 on 10 May 2016 to a high of \$0.083 on 23 November 2015. The share price of Gage Roads has been somewhat volatile with the period June 2015 to December 2015 exhibiting an upwards trend and the period January 2016 to May 2016 exhibiting a downwards trend. The highest single day of trading was on the 22 July 2016 where 5,109,457 shares were traded, representing approximately 4.92% of total volume for the period. On 23 November 2015, Gage Roads' share price peaked to \$0.083 and 399,573 shares were traded.

During this period a number of announcements were made to the market. The key announcements are set out below:

Date	Announcement	Closing Share Price Following Announcement		Closing Share Price Three Days After Announcement	
		\$ (movement)		\$ (movement)	
22/07/2016	Appendix 4c - quarterly and Progress Report Q4 FY16	0.065	▲ 16.1%	0.061	▼ 6.2%
16/05/2016	Gage Roads Brewing Co Ltd extends major supply agreement	0.050	▲ 6.4%	0.052	▲ 4.0%
29/04/2016	Appendix 4C Quarterly and Progress Report Q3 FY16	0.050	▼ 27.5%	0.050	► 0.0%
18/04/2016	Company extends contract brewing agreement	0.062	▲ 3.3%	0.063	▲ 1.6%
29/02/2016	Appendix 4D & Half-Year Financial Statements	0.054	▼ 1.8%	0.051	▼ 5.6%
29/01/2016	Appendix 4C Quarterly and Progress Report Q2 FY16	0.069	► 0.0%	0.060	▼ 13.0%
30/10/2015	Appendix 4C Quarterly and Progress Report Q1 FY16	0.078	▼ 1.3%	0.070	▼ 10.3%
28/08/2015	Appendix 4E and Annual Report FY15	0.052	▼ 8.8%	0.050	▼ 3.8%

Source: Bloomberg, BDO analysis

On 28 August 2015, the Company released its Annual Report for the financial year ended 30 June 2015. Revenue from operations was down by 11%, contributing to an overall decline of 119% in net profit after tax. In line with expectations, on the date of the announcement Gage Roads' share price decreased by 8.8% and over the subsequent three trading days, continued to decline by an additional 3.8%.

On 30 October 2015, the Company released its Progress Report and Appendix 4C Quarterly Report which highlighted an overall decline of 12% in sales volume on prior year comparative period. On the date of the announcement Gage Roads' share price declined slightly by 1.3% to close at \$0.070. Over the three trading days subsequent to the release the share price further increased by 10.3% to close at \$0.070. No new announcements were released by the Company over the subsequent three trading days.

On 29 January 2016, the Company released its Progress Report and Appendix 4C Quarterly Report which highlighted the Company's overall performance over the six month period ended 31 December 2015. Net profit after tax had increased by 147% for the period in comparison to the previous year corresponding period. Gage Roads' share price remained unchanged on the date of the announcement. However, over the subsequent three trading days the Company's share price declined by 13% to close at \$0.060. No new announcements were made by Gage Roads over the three trading days following the date of the announcement.

On 18 April 2016, the Company announced that its contract beverage division, AQB, had executed an extension to its brewing agreement with Matso's Broome Brewery. This announcement displayed continuity in the Company's long-term strategy to focus on the growth of their own proprietary products in the craft beer sector. On the date of the announcement, the share price increased by 3% to close at \$0.062 and over the three trading days following the announcement, it increased by 2% to close at \$0.063.

On 29 April 2016, the Company released its Progress Report and Appendix 4C Quarterly Report which highlighted an increase in sales of Gage Roads' proprietary craft beer products of 86% over prior year comparative period. However, total sales volumes for the quarter ended 31 March 2016 was down by 16% in comparison to the previous year corresponding quarter. Gage Roads' share price decreased significantly

by 27.5% to close at \$0.050 on the date of the announcement. Over the three trading days subsequent to the release, the share price remained unchanged.

On 16 May 2016, the Company announced the execution of a three-year extension, with a further two-year option, of its supply and distribution agreement with Pinnacle. On the date of the announcement, the share price increased by 6% to close at \$0.050. Over the three consecutive trading days following the announcement, the share price of the Company increased by a further 4% to close at \$0.052.

On 22 July 2016, the Company released its Progress Report and Appendix 4C Quarterly Report which highlighted an increase in sales of Gage Roads' proprietary craft beer products of 83% over prior year comparative period. As a result, revenue for the quarter ended 30 June 2016 was up 5% in comparison to the previous year corresponding quarter. Gage Roads' share price increased significantly by 16.1% to close at \$0.065 on the date of the announcement. Over the three trading days subsequent to the release, the share price declined by 6.2%, closing at \$0.061. No new announcements were released by the Company over the three subsequent trading days.

To provide further analysis of the market prices for a Gage Roads share, we have also considered the weighted average market price for 10, 30, 60 and 90 day periods to 17 August 2016.

	17-Aug-2016	10 Days	30 Days	60 Days	90 Days
Closing Price	\$0.074				
Weighted Average		\$0.070	\$0.063	\$0.061	\$0.059

Source: Bloomberg, BDO analysis

The above weighted average prices are prior to the date of the announcement of the Proposed Transaction, to avoid the influence of any increase in price of Gage Roads shares that has occurred since the Proposed Transaction was announced.

An analysis of the volume of trading in Gage Roads shares for the twelve months to 17 August 2016 is set out below:

	Share price low	Share price high	Cumulative Volume traded	As a % of Issued capital
1 day	\$0.073	\$0.074	411,225	0.10%
10 days	\$0.060	\$0.077	7,809,951	1.83%
30 days	\$0.049	\$0.077	23,039,983	5.40%
60 days	\$0.049	\$0.077	31,169,770	7.31%
90 days	\$0.041	\$0.077	48,164,912	11.30%
180 days	\$0.041	\$0.081	67,029,712	15.72%
1 year	\$0.041	\$0.083	103,835,489	24.36%

Source: Bloomberg, BDO analysis

This table indicates that Gage Roads' shares display a low level of liquidity, with 24.36% of the Company's current issued capital being traded in a twelve month period. For the quoted market price methodology to be reliable there needs to be a 'deep' market in the shares. RG 111.69 indicates that a 'deep' market should reflect a liquid and active market. We consider the following characteristics to be representative of a deep market:

- Regular trading in a company's securities;

- Approximately 1% of a company's securities are traded on a weekly basis;
- The spread of a company's shares must not be so great that a single minority trade can significantly affect the market capitalisation of a company; and
- There are no significant but unexplained movements in share price.

A company's shares should meet all of the above criteria to be considered 'deep', however, failure of a company's securities to exhibit all of the above characteristics does not necessarily mean that the value of its shares cannot be considered relevant.

In the case of Gage Roads, we do not consider there to be a deep market for the Company's shares as a result of only 24.36% of the Company's current issued capital being traded over a twelve month period prior the announcement of the Proposed Transactions.

Our assessment is that a range of values for Gage Roads shares based on market pricing, after disregarding post announcement pricing, is between \$0.063 and \$0.074, with a midpoint value of \$0.069.

10.4 Conclusion on value

The results of the valuations performed are summarised in the table below:

	Section	Low \$	Midpoint \$	High \$
Value per share derived from the FME approach	10.1	0.017	0.024	0.033
Value per share derived from the NAV approach	10.2	0.039	0.039	0.039
Value per share derived from the QMP approach	10.3	0.063	0.069	0.074

We observe that the NAV of the Company is significantly higher than the equity value of Company derived under the FME methodology. The difference between the valuation obtained under the FME and NAV approaches may be explained by the following:

- The FME value is a market based assessment that relies on the analysis of comparable market data and reflects business outlook, business risk and investor expectations, future growth prospects and other entity specific factors of business.
- The NAV approach is an asset based method that ignores the possibility that the entity's value could exceed or trade below the realisable value of its assets under different market conditions and under different expectations of the financial performance of the business.
- The lower FME value may reflect the weaker margins and lower demand for products experienced by Gage Roads. Historically, Gage Roads has been focused on the high volume low margin contract brewing with a reliance on Woolworths for volumes. More recently, the Company has announced a shift in operational strategy away from high volume low margin contract brewing towards the production of high quality high margin craft beer range.
- The NAV value may not reflect the possible impairment of plant and equipment and other assets in the financial accounts of Gage Roads. In this case, plant and equipment make up the majority of the assets of Gage Roads and if utilisation is insufficiently high to generate the required rate of return, the difference in the NAV value and the FME value may rise.

We also note that the value derived under the QMP methodology is higher than the value derived under both the NAV approach and the FME approach. The difference between the valuations obtained can be explained by the following:

- Under RG 111.69 (d), the QMP methodology is considered appropriate when a liquid and active market exists for the securities. From our analysis of the QMP of a Gage Roads share we note that 24.41% of the Company's current issued capital has been traded in the twelve months leading up until the date of the announcement of the Proposed Transaction, which represents a low level of liquidity over the twelve month period.

Based on the above points and the lack of a 'deep' market for the trading of Gage Roads shares, we consider that the NAV and FME derived values to be the most appropriate methodologies and consider the value of a Gage Roads share prior to the announcement of the Proposed Transactions to be between \$0.024 and \$0.039.

11. Valuation of consideration

As stated in Section 4.1, the Consideration payable by Gage Roads for the acquisition of the Buyback Shares is the greater of:

- \$0.015625 per Gage Roads share held by Woolworths; and
- an amount equal to 62.5% of the issue price per share of any fully paid ordinary shares issued by Gage Roads pursuant to a capital raising conducted after the date of announcement of the Proposed Transaction but prior to the completion of the Proposed Transaction.

In conjunction with the Proposed Transaction, Gage Roads proposes to undertake the Capital Raising and Placement at an issue price of \$0.025 per share. As such the consideration payable for the Buyback Shares will be \$0.015625 per share.

As at the date of this Report, Woolworths is the holder of 100,016,305 Gage Roads shares. Therefore, at a price of \$0.015625 per share, the Consideration will be approximately \$1.56 million.

12. Is the Proposed Transaction fair?

The value of a fully paid ordinary Gage Roads share and the value of the consideration per Buyback Share are compared below:

	Ref	Low \$	High \$
Value of a Gage Roads fully paid ordinary share	10.4	0.024	0.039
Consideration per Buyback Share	11	0.016	0.016

Source: BDO analysis

The above pricing indicates that, in the absence of any other relevant information, the Proposed Transaction is fair.

13. Is the Proposed Transaction reasonable?

13.1 Advantages of Approving the Proposed Transaction

We have set out the key advantages of approving the Proposed Transactions is expected to bring to Shareholders:

13.1.1. The Proposed Transaction is fair

As set out in Section 12, the Transaction is fair. RG 111 states that an offer is reasonable if it is fair.

13.1.2. Shareholders will have an increased holding of the Company

As stated above, under the terms of the Proposed Transaction, the Buyback shares will be cancelled by Gage Roads. As a result, the existing Shareholders will have a greater proportional interest in Gage Roads, collectively increasing from 76.54% to 100%.

13.1.3. Increased share trading liquidity from the Capital Raising and Placement

As a result of the Capital Raising and Placement, there will be an increase in the number of Gage Roads shares on issue from 426,332,293 to 731,281,822. As noted in Section 10.3, Gage Roads does not have a 'deep market' for its shares and currently displays a low level of liquidity. With an increase in the number of shares on issue by 304,949,529, this may improve the liquidity of the Company's shares and therefore benefit Gage Roads Shareholders.

13.1.4. Allows a more focused approach from Management to pursue its strategies

If the Proposed Transaction is approved, it will allow the management of Gage Roads to pursue its strategies in regard to its proprietary craft beer segments and other areas in which it has identified as having the highest potential return on investment.

As noted in Section 5.1, the Company announced a change in its operational strategy which would be focused on growing its proprietary craft beer range and the production of high quality, higher margin

products. If the Proposed Transaction is approved, Shareholders may be provided with an opportunity to earn greater returns through this segment.

13.1.5. Increase in corporate appeal

Under the terms of the Proposed Transaction, Gage Roads has offered to buy back 100% of the shares in Gage Roads held by Woolworths. As at the date of our Report, Woolworths is the holder of 100,016,305 Gage Roads shares, accounting for 23.46% holding of the Company's issued capital

If the Proposed Transaction is approved, Woolworths will no longer be the holder of 23.46% of the issued capital of Gage Roads. As such, Woolworths will no longer be a majority shareholder. This will improve the corporate appeal of Gage Roads, who will be more attractive to prospective investors who might be interested in obtaining access to synergies through a takeover offer.

13.1.6. The Proposed Transaction provides the Company with a cash injection

As a condition of the Proposed Transaction, Gage Roads will undertake the Capital Raising to raise \$8.5 million at an issue price of \$0.025 each. The Company will also complete the Placement at an issue price of \$0.025 per share by issuing approximately 63.9 million shares to raise approximately \$1.6 million.

The Company will utilise these funds as follows:

- to undertake the Proposed Transaction for the Consideration of \$1.56 million;
- to reduce the ANZ credit facility by approximately \$4.7 million to \$5.0 million; and
- \$3.2 million will be used for working capital requirements.

The audit report accompanying the financial statements for the year ended 30 June 2016 for Gage Roads included an emphasis of matter in relation to the Company's ability to continue as a going concern being dependent upon the future successful raising of necessary funding through equity or the renegotiation of existing debt facilities. The Capital Raising, which is contingent on the Proposed Transaction, will provide the Company with the necessary funds to continue as a going concern.

13.2 Disadvantages of Approving the Proposed Transaction

13.2.1. Loss of a cornerstone investor

Woolworths derives majority of its income from retailing food and groceries, liquor, petrol, general merchandise and home improvement products from operating in both Australia and New Zealand. As Woolworths operates approximately 1,445 liquor stores under the Dan Murphy's and BWS brands as well as operating Cellarmasters Wine, they have successfully provided Gage Roads with stable volume sales resulting in a steady revenue flow for Gage Roads.

If the Proposed Transaction is approved, the Company will no longer have Woolworths as a cornerstone investor.

13.3 Other considerations

13.3.1. Alternative Proposal

We are unaware of any alternative proposal that might offer the Shareholders of Gage Roads a premium over the value resulting from the Proposed Transaction.

13.3.2. Woolworths will no longer be largest shareholder of Gage Roads

In the event that the Proposed Transaction is approved, Gage Roads' major shareholder will cease to be Woolworth and will instead be Mr Shimin Song, subject to any changes from the Capital Raising.

13.3.3. Woolworths will no longer be the guarantor for Gage Roads credit facility with ANZ

As at 30 June 2016, Gage Roads has approximately \$9.7 million agreement with ANZ relating to a committed credit facility. Woolworths is a guarantor for the facility.

As stated in Section 4.1 of our Report, upon completion of the Proposed Transaction, Capital Raising and Placement, Gage Roads will reduce its ANZ credit facility by \$4.7 million to \$5.0 million and this will be under a new facility.

As a result, management has advised us that Gage Roads are in the process of renegotiating the terms of the credit facility agreement with ANZ. In the event of a renegotiation, no guarantor will be required for the remaining debt.

13.4 Is the Proposed Transaction reasonable?

In determining whether the Proposed Transaction is reasonable, we have considered the factors discussed above. In our opinion, the position of Shareholders if the Proposed Transaction is approved is more advantageous than the position if the Proposed Transaction is not approved. Accordingly, we believe that the Proposed Transaction is reasonable for Shareholders.

14. Conclusion

We have considered the terms of the Proposed Transaction as outlined in the body of this report and have concluded that the Proposed Transaction is fair and reasonable to the Shareholders of Gage Roads.

15. Sources of information

This report has been based on the following information:

- Draft Notice of General Meeting and Explanatory Statement on or about the date of this Report;
- Draft terms sheet between Gage Roads and Woolworths;
- Audited financial statements of Gage Roads for the years ended 30 June 2014, 30 June 2015 and 30 June 2016;
- Reviewed half year financial statements of Gage Roads for the period ended 31 December 2015;
- Share registry information;
- Information in the public domain; and
- Discussions with Directors and Management of Gage Roads.

16. Independence

BDO Corporate Finance (WA) Pty Ltd is entitled to receive a fee of \$32,000 (excluding GST and reimbursement of out of pocket expenses). The fee is not contingent on the conclusion, content or future use of this Report. Except for this fee, BDO Corporate Finance (WA) Pty Ltd has not received and will not receive any pecuniary or other benefit whether direct or indirect in connection with the preparation of this report.

BDO Corporate Finance (WA) Pty Ltd has been indemnified by Gage Roads in respect of any claim arising from BDO Corporate Finance (WA) Pty Ltd's reliance on information provided by the Gage Roads, including the non-provision of material information, in relation to the preparation of this report.

Prior to accepting this engagement BDO Corporate Finance (WA) Pty Ltd has considered its independence with respect to Gage Roads and Woolworths and any of their respective associates with reference to ASIC Regulatory Guide 112 'Independence of Experts'. In BDO Corporate Finance (WA) Pty Ltd's opinion it is independent of Gage Roads and Woolworths and their respective associates.

Neither the two signatories to this report nor BDO Corporate Finance (WA) Pty Ltd, have had within the past two years any professional relationship with Gage Roads, or their associates, other than in connection with the preparation of this report.

The provision of our services is not considered a threat to our independence as auditors under Professional Statement APES 110 - Professional Independence. The services provided have no material impact on the financial report of Gage Roads.

A draft of this report was provided to Gage Roads and its advisors for confirmation of the factual accuracy of its contents. No significant changes were made to this report as a result of this review.

BDO is the brand name for the BDO International network and for each of the BDO Member firms.

BDO (Australia) Ltd, an Australian company limited by guarantee, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of Independent Member Firms. BDO in Australia, is a national association of separate entities (each of which has appointed BDO (Australia) Limited ACN 050 110 275 to represent it in BDO International).

17. Qualifications

BDO Corporate Finance (WA) Pty Ltd has extensive experience in the provision of corporate finance advice, particularly in respect of takeovers, mergers and acquisitions.

BDO Corporate Finance (WA) Pty Ltd holds an Australian Financial Services Licence issued by the Australian Securities and Investment Commission for giving expert reports pursuant to the Listing rules of the ASX and the Corporations Act.

The persons specifically involved in preparing and reviewing this report were Sherif Andrawes and Adam Myers of BDO Corporate Finance (WA) Pty Ltd. They have significant experience in the preparation of independent expert reports, valuations and mergers and acquisitions advice across a wide range of industries in Australia and were supported by other BDO staff.

Adam Myers is a member of the Australian Institute of Chartered Accountants. Adam's career spans 18 years in the Audit and Assurance and Corporate Finance areas. Adam has considerable experience in the preparation of independent expert reports and valuations in general for companies in a wide number of industry sectors. Sherif Andrawes is a Fellow of the Institute of Chartered Accountants in England & Wales

and a Member of the Institute of Chartered Accountants in Australia. He has over twenty five years' experience working in the audit and corporate finance fields with BDO and its predecessor firms in London and Perth. He has been responsible for over 250 public company independent expert's reports under the Corporations Act or ASX Listing Rules and is a CA BV Specialist. These experts' reports cover a wide range of industries in Australia with a focus on companies in the natural resources sector. Sherif Andrawes is the Chairman of BDO in Western Australia, Corporate Finance Practice Group Leader of BDO in Western Australia and the Natural Resources Leader for BDO in Australia.

18. Disclaimers and consents

This report has been prepared at the request of Gage Roads for inclusion in the Notice of Meeting and Explanatory Memorandum which will be sent to all Gage Roads Shareholders. Gage Roads engaged BDO Corporate Finance (WA) Pty Ltd to prepare an independent expert's report to consider the proposal to buy-back 100% of the shares in Gage Roads held by Woolworths.

BDO Corporate Finance (WA) Pty Ltd hereby consents to this report accompanying the above Notice of Meeting and Explanatory Memorandum. Apart from such use, neither the whole nor any part of this report, nor any reference thereto may be included in or with, or attached to any document, circular resolution, statement or letter without the prior written consent of BDO Corporate Finance (WA) Pty Ltd.

BDO Corporate Finance (WA) Pty Ltd takes no responsibility for the contents of the Notice of Meeting and Explanatory Memorandum other than this report.

We have no reason to believe that any of the information or explanations supplied to us are false or that material information has been withheld. It is not the role of BDO Corporate Finance (WA) Pty Ltd acting as an independent expert to perform any due diligence procedures on behalf of the Company. The Directors of the Company are responsible for conducting appropriate due diligence in relation to Woolworths. BDO Corporate Finance (WA) Pty Ltd provides no warranty as to the adequacy, effectiveness or completeness of the due diligence process.

The opinion of BDO Corporate Finance (WA) Pty Ltd is based on the market, economic and other conditions prevailing at the date of this report. Such conditions can change significantly over short periods of time.

The forecasts provided to BDO Corporate Finance (WA) Pty Ltd by Gage Roads are based upon assumptions about events and circumstances that have not yet occurred. Accordingly, BDO Corporate Finance (WA) Pty Ltd cannot provide any assurance that the forecasts will be representative of results that will actual be achieved. BDO Corporate Finance (WA) Pty Ltd disclaims any possible liability in respect of these forecasts. We note that the forecasts provided do not include estimates as to the effect of any future emissions trading scheme should it be introduced as it is unable to estimate the effects of such a scheme at this time.

With respect to taxation implications it is recommended that individual Shareholders obtain their own taxation advice, in respect of the Proposed Transaction, tailored to their own particular circumstances. Furthermore, the advice provided in this report does not constitute legal or taxation advice to the Shareholders of Gage Roads, or any other party.

The statements and opinions included in this report are given in good faith and in the belief that they are not false, misleading or incomplete.

The terms of this engagement are such that BDO Corporate Finance (WA) Pty Ltd has no obligation to update this report for events occurring subsequent to the date of this report.



Yours faithfully

BDO CORPORATE FINANCE (WA) PTY LTD

A handwritten signature in blue ink, appearing to read 'Adam Myers'.

Adam Myers

Director

A handwritten signature in black ink, appearing to read 'Sherif Andrawes'.

Sherif Andrawes

Director

Appendix 1 – Glossary of Terms

Reference	Definition
ANZ	Australia and New Zealand Banking Group
APES 225	Accounting Professional & Ethical Standards Board professional standard APES 225 'Valuation Services'
ASIC	Australian Securities and Investments Commission
ASX	Australian Securities Exchange
BDO	BDO Corporate Finance (WA) Pty Ltd
BHB	BHB Brauholding Bayern-Mitte AG
Buyback Shares	100,016,305 Gage Roads shares held by Woolworths
Capital Raising	Entitlement issue of 4 shares for every 5 shares held at \$0.025 per share, issuing 341,065,834 shares to raise approximately \$8.5 million
Consideration	Consideration payable by Gage Roads to Woolworths for the acquisition of the Buyback Shares equivalent to \$0.015625 per Gage Roads share held by Woolworths (approximately \$1.56 million)
The Company	Gage Roads Brewing Co Limited
Corporations Act	The Corporations Act 2001 Cth
DCF	Discounted Future Cash Flows
EBIT	Earnings before interest and tax
EBITDA	Earnings before interest, tax, depreciation and amortisation
FME	Future Maintainable Earnings
Gage Roads	Gage Roads Brewing Co Limited
GST	Goods and Services Tax
Khoday	Khoday India Limited
NAV	Net Asset Value
Park & Bellheimer	Park & Bellheimer AG

Reference	Definition
Placement	Placement which will be undertaken with institutional investors to raise \$1.6 million through the issue of 63,900,000 shares at an issue price of \$0.025 per share
Pinnacle	Pinnacle Liquor Group
The Proposed Transaction	The proposal to buy-back 100% of the shares in Gage Roads held by Woolworths
QMP	Quoted market price
RBA	Reserve Bank of Australia
Regulations	Corporations Act Regulations 2001 (Cth)
Our Report	This Independent Expert's Report prepared by BDO
RG 111	Content of expert reports (March 2011)
RG 112	Independence of experts (March 2011)
Shareholders	Shareholders of Gage Roads not associated with Woolworths
Valuation Engagement	An Engagement or Assignment to perform a Valuation and provide a Valuation Report where the Valuer is free to employ the Valuation Approaches, Valuation Methods, and Valuation Procedures that a reasonable and informed third party would perform taking into consideration all the specific facts and circumstances of the Engagement or Assignment available to the Valuer at that time.
VWAP	Volume Weighted Average Price
Woolworths	Woolworths Limited

Copyright © 2016 BDO Corporate Finance (WA) Pty Ltd

All rights reserved. No part of this publication may be reproduced, published, distributed, displayed, copied or stored for public or private use in any information retrieval system, or transmitted in any form by any mechanical, photographic or electronic process, including electronically or digitally on the Internet or World Wide Web, or over any network, or local area network, without written permission of the author. No part of this publication may be modified, changed or exploited in any way used for derivative work or offered for sale without the express written permission of the author.

For permission requests, write to BDO Corporate Finance (WA) Pty Ltd, at the address below:

The Directors

BDO Corporate Finance (WA) Pty Ltd

38 Station Street

SUBIACO, WA 6008

Australia

Appendix 2 – Valuation Methodologies

Methodologies commonly used for valuing assets and businesses are as follows:

1 *Net asset value ('NAV')*

Asset based methods estimate the market value of an entity's securities based on the realisable value of its identifiable net assets. Asset based methods include:

- Orderly realisation of assets method
- Liquidation of assets method
- Net assets on a going concern method

The orderly realisation of assets method estimates fair market value by determining the amount that would be distributed to entity holders, after payment of all liabilities including realisation costs and taxation charges that arise, assuming the entity is wound up in an orderly manner.

The liquidation method is similar to the orderly realisation of assets method except the liquidation method assumes the assets are sold in a shorter time frame. Since wind up or liquidation of the entity may not be contemplated, these methods in their strictest form may not be appropriate. The net assets on a going concern method estimates the market values of the net assets of an entity but does not take into account any realisation costs.

Net assets on a going concern basis are usually appropriate where the majority of assets consist of cash, passive investments or projects with a limited life. All assets and liabilities of the entity are valued at market value under this alternative and this combined market value forms the basis for the entity's valuation.

Often the FME and DCF methodologies are used in valuing assets forming part of the overall Net assets on a going concern basis. This is particularly so for exploration and mining companies where investments are in finite life producing assets or prospective exploration areas.

These asset based methods ignore the possibility that the entity's value could exceed the realisable value of its assets as they do not recognise the value of intangible assets such as management, intellectual property and goodwill. Asset based methods are appropriate when an entity is not making an adequate return on its assets, a significant proportion of the entity's assets are liquid or for asset holding companies.

2 *Quoted Market Price Basis ('QMP')*

A valuation approach that can be used in conjunction with (or as a replacement for) other valuation methods is the quoted market price of listed securities. Where there is a ready market for securities such as the ASX, through which shares are traded, recent prices at which shares are bought and sold can be taken as the market value per share. Such market value includes all factors and influences that impact upon the ASX. The use of ASX pricing is more relevant where a security displays regular high volume trading, creating a 'deep' market in that security.

3 *Capitalisation of future maintainable earnings ('FME')*

This method places a value on the business by estimating the likely FME, capitalised at an appropriate rate which reflects business outlook, business risk, investor expectations, future growth prospects and other entity specific factors. This approach relies on the availability and analysis of comparable market data.

The FME approach is the most commonly applied valuation technique and is particularly applicable to profitable businesses with relatively steady growth histories and forecasts, regular capital expenditure requirements and non-finite lives.

The FME used in the valuation can be based on net profit after tax or alternatives to this such as earnings before interest and tax ('EBIT') or earnings before interest, tax, depreciation and amortisation ('EBITDA'). The capitalisation rate or 'earnings multiple' is adjusted to reflect which base is being used for FME.

4 Discounted future cash flows ('DCF')

The DCF methodology is based on the generally accepted theory that the value of an asset or business depends on its future net cash flows, discounted to their present value at an appropriate discount rate (often called the weighted average cost of capital). This discount rate represents an opportunity cost of capital reflecting the expected rate of return which investors can obtain from investments having equivalent risks.

Considerable judgement is required to estimate the future cash flows which must be able to be reliably estimated for a sufficiently long period to make this valuation methodology appropriate.

A terminal value for the asset or business is calculated at the end of the future cash flow period and this is also discounted to its present value using the appropriate discount rate.

DCF valuations are particularly applicable to businesses with limited lives, experiencing growth, that are in a start-up phase, or experience irregular cash flows.

5 Market Based Assessment

The market based approach seeks to arrive at a value for a business by reference to comparable transactions involving the sale of similar businesses. This is based on the premise that companies with similar characteristics, such as operating in similar industries, command similar values. In performing this analysis it is important to acknowledge the differences between the comparable companies being analysed and the company that is being valued and then to reflect these differences in the valuation.

Copyright © 2016 BDO Corporate Finance (WA) Pty Ltd

All rights reserved. No part of this publication may be reproduced, published, distributed, displayed, copied or stored for public or private use in any information retrieval system, or transmitted in any form by any mechanical, photographic or electronic process, including electronically or digitally on the Internet or World Wide Web, or over any network, or local area network, without written permission of the author. No part of this publication may be modified, changed or exploited in any way used for derivative work or offered for sale without the express written permission of the author.

Appendix 3 – Comparable Company Analysis

We have analysed the EBITDA multiples of publicly listed companies within Australia which we consider are the most comparable to Gage Roads. The bases on which we have considered comparability are:

- the nature of their business activities
- exposure to a similar end-user market
- facing similar risks to their ongoing business operations.

The results of this analysis are set out in the table below:

Company Name	Market Cap (\$m)	Net Debt (\$m)	Enterprise Value (\$m)	Historical EBITDA for the year (\$m)	Historical EBITDA Multiple (\$m)
Anheuser-Busch InBev SA/NV	264,709.50	55,283.26	319,992.76	21,019.75	15.2
Big Rock Brewery Inc.	38.78	5.61	44.39	0.78	*56.8
Brick Brewing Co. Ltd.	84.46	7.66	92.12	7.37	12.5
BHB Brauholding Bayern-Mitte AG	12.25	(1.00)	11.25	2.24	5.0
Carlsberg A/S	18,582.12	6,574.02	25,156.14	2,531.93	19.9
Craft Brew Alliance, Inc.	247.87	35.53	283.40	14.18	20.0
Heineken N.V.	67,723.26	17,533.67	85,256.92	6,408.28	13.3
Molson Coors Canada Inc.	2,411.81	6,425.66	8,837.47	117.27	*75.4
Park & Bellheimer AG	12.01	4.45	16.75	1.60	7.5
SABMiller Plc	126,114.54	13,366.71	139,481.25	6,397,.75	21.8
The Boston Beer Company, Inc.	2,738.43	(67.45)	2,702.06	253.15	10.7
United Breweries Limited	3,767.95	77.98	3,845.93	135.07	28.5
Khoday India Limited	41.45	-	41.45	5.55	7.5
San Miguel Brewery Hong Kong Ltd	74.91	7.47	82.38	1.53	*54.0
				Mean	24.1
				Median	14.3
				Mean (excluding outlier)	13.8
				Median (excluding outlier)	12.5

*We consider the EBITDA multiple of 56.8 for Big Rock Brewery Inc., the EBTIDA multiple of 75.4 for Heineken and the EBTIDA multiple of 54.0 for San Miguel Brewery Hong Kong Ltd to be outliers.

Source: Bloomberg Data Service

Enterprise value represents the market capitalisation adjusted by adding net debt and deducting cash and cash equivalents

Set out below are synopses of companies identified as comparable to the Gage Roads.

Company Name	Company Description
Anheuser-Busch InBev SA/NV	Anheuser-Busch InBev SA/NV, a brewing company, engages in the production, distribution, and sale of beer, alcoholic beverages, and soft drinks worldwide. It offers a portfolio of approximately 200 beer brands. The company was founded in 1366 and is headquartered in Leuven, Belgium.
Big Rock Brewery Inc.	Big Rock Brewery Inc. produces and markets craft beers and cider in Canada. The company offers a selection of ales and lagers, dry apple cider, and seasonal beers. The company also exports its products to Korea. Big Rock Brewery Inc. was founded in 1984 and is headquartered in Calgary, Canada.
Brick Brewing Co. Ltd	Brick Brewing Co. Limited produces, sells, markets, and distributes bottled, canned, and draft premium beer in Canada. It also produces, sells, and markets bottled and canned ready-to-drink (RTD) alcoholic beverages and various beer products, as well as produces and sells vodka and malt-based coolers, and ciders in Canada. In addition, the company engages in co-packing, and acts as the sales agent for beverages in Ontario. Further, it manufactures and packages the Motts Caesar brand alcohol-based beverages. Brick Brewing Co. Limited was founded in 1984 headquartered in Kitchener, Ontario.
BHB Brauholding Bayern-Mitte AG	BHB Brauholding Bayern-Mitte AG engages in the brewery business in Germany. It offers wheat beer, as well as mineral water and soft drinks. BHB Brauholding Bayern-Mitte AG was founded in 1882 and is based in Ingolstadt, Germany.
Carlsberg A/S	Carlsberg A/S, a brewing company, produces and sells beers, ciders, soft drinks, and other beverage products in Western Europe, Eastern Europe, and Asia. Carlsberg A/S was founded in 1847 and is based in Copenhagen, Denmark.
Craft Brew Alliance, Inc.	Craft Brew Alliance, Inc. brews and sells craft beers and ciders in the United States. It operates in two segments, Beer Related Operations and Pubs Operations. It also operates five pubs that offer dining and entertainment facilities, and sell apparel and other merchandise. The company was founded in 1981 and is headquartered in Portland, Oregon
Heineken N.V.	Heineken N.V. engages in brewing and selling beer worldwide. It operates through five segments: Africa, Middle East & Eastern Europe; Americas; Asia Pacific; Europe; and Head Office and Other/eliminations segments. The company offers beer, cider, soft drinks, and other beverages. The company was founded in 1864 and is headquartered in Amsterdam, the Netherlands.
Molson Coors Canada Inc.	Molson Coors Canada Inc. brews, markets, sells, and distributes various beer brands in Canada. The company was founded in 1786 and is based in Toronto, Canada. Molson Coors Canada Inc. is a subsidiary of Molson Coors Canada Holdco, ULC.
Park & Bellheimer AG	Park & Bellheimer AG, a brewer company, manufactures beer in Germany. The company also offers soft drinks. The company was formerly known as Parkbrauerei AG Pirmasens-Zweibrücken and changed its name to Park & Bellheimer AG in 1995. Park & Bellheimer AG was incorporated in 1888 and is based in Pirmasens, Germany.

Company Name	Company Description
SABMiller Plc	SABMiller plc engages in the beer and soft drinks business. The company engages in the sourcing, brewing, bottling, and distribution activities; and provision of non-alcoholic beers and fruit juices. It operates in Latin America, Africa, the Asia Pacific, Europe, and North America. SABMiller plc was founded in 1895 and is headquartered in London, the United Kingdom.
The Boston Beer Company, Inc.	The Boston Beer Company, Inc. produces and sells alcohol beverages primarily in the United States. It sells beers, flavoured malt beverages, and hard cider beverages. It also markets its products in Canada, Europe, Israel, Australia, New Zealand, the Caribbean, the Pacific Rim, Mexico, and Central and South America. The Boston Beer Company, Inc. was founded in 1984 and is based in Boston, Massachusetts.
United Breweries Limited	United Breweries Limited manufactures and sells beer primarily in India. The company also licenses brands; and provides contract manufacturing services. United Breweries Limited was founded in 1915 and is based in Bengaluru, India.
Khoday India Limited	Khoday India limited engages in the liquor business in India and internationally. The company operates through Liquor, Glass, Contract, Systems, and Others segments. It offers Indian made foreign liquor products under the Peterscot, Red Knight Select, and Red Knight Reserve whisky brands. The company was founded in 1906 and is based in Bengaluru, India.
San Miguel Brewery Hong Kong Ltd	San Miguel Brewery Hong Kong Limited manufactures and distributes bottled, canned, and draught beers in Hong Kong, Mainland China, the Philippines, and internationally. The company was founded in 1890 and is based in Shatin, Hong Kong. San Miguel Brewery Hong Kong Limited is a subsidiary of Neptunia Corporation Limited.

Appendix 4 – Comparable Transactions

The tables below describe transactions, observed in the market, relating to the acquisition of brewers. We have used these comparable transactions in order to provide support to the enterprise value to EBITDA multiple range we determined in section 10.1 of our Report.

Transaction Ref #	Acquirer Name	Target Name	Date of announced acquisition	Transaction Value (\$m)	Percent Sought (%)
1 (£)	Anheuser-Busch InBec SA/NV	Camden Town Brewery Ltd	21-Dec-15	85.0	100%
2	Constellation Brands Inc	Home Brew Mart Inc	16-Nov-15	1,021.3	100%
3 (£)	Anheuser-Busch InBec SA/NV	SABMiller Plc	17-Sep-15	76,277.6	100%
4 (€)	Heineken NV	Pivovarna Lasko DD	13-Apr-15	321.9	51%
5 (NGN)	Nigerian Breweries Plc	Consolidated Breweries Plc	09-May-14	59,162.3	100%
6 (€)	Royal Unibrew A/S	Hartwall Ltd	11-Jul-13	470.0	100%
7	Anheuser-Busch InBec SA/NV	Grupo Modelo S.A.B. de C.V.	29-Jun-12	14,706.7	50%
8	Constellation Brands Inc	Crown Imports LLC	29-Jun-12	1,845.0	50%
9	Lion Nathan Pty Ltd	Little World Beverages Ltd	18-Jun-12	269.3	100%
10	Andolu Efes Biracilik ve Malt Sanayii AS	SABMiller Rus & PJSC Miller	19-Oct-11	1,573.9	100%
11	SABMiller Plc	Foster's Group Pty Ltd	21-Jun-11	12,322.5	100%
12 (INR)	United Breweries Ltd	UB Nizam Breweries Pvt Ltd	10-Feb-11	867.4	100%
13	Craft Bres Alliance Inc	Kona Brewing Co Inc	03-Aug-10	15.5	100%
14	C.Dean Metropoulos & Co	Pabst Brewing Company LLC	25-May-10	250.0	100%
15	Redhook Ale Brewery Inc	Widmer Brothers Brewing Company Inc	13-Nov-07	57.9	100%

Transaction Ref #	Target EBITDA (\$m)	EBITDA Multiple	Target Revenue (\$m)	Revenue Multiple
1 (£)	n/a	n/a	9.0	9.4
2	31.7	32.2	102.2	10.0
3 (£)	3,770.2	20.2	10,279.5	7.4
4 (€)	44.9	7.2	219.9	1.5
5 (NGN)	n/a	n/a	33,914.0	1.7
6 (€)	50.0	9.4	300.0	1.6
7	2,272.2	6.5	7,280.4	2.0
8	n/a	n/a	2,678.1	0.7
9	19.5	13.8	68.0	4.0
10	149.0	10.6	678.0	2.3
11	865.5	14.2	2,418.4	5.1
12 (INR)	n/a	n/a	209.9	4.1
13	1.3	11.8	25.5	0.6
14	n/a	n/a	500.0	0.5
15	9.2	6.3	60.4	1.0
	Mean	13.2	Mean	3.5
	Median	11.2	Median	2.0

Target Company Name	Target Company Description
Camden Town Brewery Ltd	Camden Town Brewery Ltd produces beer. The company was incorporated in 2009 and is based in London, United Kingdom.
Home Brew Mart Inc	Home Brew Mart, Inc., through its subsidiary, Ballast Point Brewing & Spirits, Inc., produces craft beers, spirits, and other alcoholic beverage products worldwide. It distributes beer to approximately 30 states and 10 countries. Home Brew Mart, Inc. was founded in 1992 and is headquartered in San Diego, California.
SABMiller Plc	SABMiller plc operates in the beer and soft drinks business. The company provides hotel and gaming services; and operates as a finance and agent company. It also engages in the procurement, brewing, and hop farming activities; and offers fruit juices and maltsters. The company operates in Latin America, Africa, the Asia Pacific, Europe, and North America. The company was formerly known as South African Breweries plc and changed its name to SABMiller plc in July 2002. SABMiller plc was founded in 1895 and is headquartered in London, the United Kingdom.
Pivovarna Laska DD	Pivovarna Laško, d. d. produces and sells beer, malt, and water in Slovenia and internationally. It operates through three segments: Beer, Other Drinks, and Other Activities. In addition, it offers merchandise products, as well as engages in wholesale and retail trade activities. The company was founded in 1825 and is headquartered in Laško, Slovenia. Pivovarna Laško, d. d. is a subsidiary of Heineken International B.V.
Consolidated Breweries Plc	As of December 31, 2014, Consolidated Breweries Plc was acquired by Nigerian Breweries Plc. Consolidated Breweries Plc brews and markets '33' brand of lager beer and 'Hi-Malt' brand of malt drink. The company was founded in 1980 and is based in Lagos, Nigeria.
Hartwall Ltd	Hartwall Limited is a beverage company located in Helsinki, Finland, and markets beers such as Lapin Kulta premium beer, Hopventure American Lager, Birra Moretti amongst others. The company was listed on the OTC-market in Helsinki in 1989 and merged with UK based Scottish&Newcastle in 2002.
Grupo Modelo, S.A.B. de C.V.	Grupo Modelo, S. A. B. de C. V., together with its subsidiaries, engages in the production, distribution, and marketing of beer. The company brews and distributes beer under Corona Extra, Barrilito, Corona Light, Estrella, León, Modelo Especial, Modelo Light, Montejo, Negra Modelo, Pacífico, Pacífico Light, Tropical Light, Ideal Azabache, Ideal As de Oros, and Victoria brands. It also imports and distributes Budweiser, Bud Light, O'Doul's, Tsingtao, and Carlsberg beer brands; and produces and distributes bottled water under Gerber, Nestlé Pureza Vital, Perrier, Sta. María, and S. Pellegrino brands. The company sells its products in Mexico, as well as exports to approximately 180 countries. It has a strategic alliance with Nestlé Waters for the production and distribution of bottled water in Mexico. The company was founded in 1925 and is based in Mexico City, Mexico
Crown Imports LLC	Crown Imports LLC imports, distributes, and markets fine beers and ciders in the United States. The company was incorporated in 2006 and is based in Chicago, Illinois.

Little World Beverages Ltd	Little World Beverages Limited engages in the brewing and distribution of packaged and draught beer and cider in Australia and internationally. The company was founded in 1999 and is based in Fremantle, Australia.
SABMiller Rus & PJSC Miller Brands Ukraine	PJSC Miller Brands Ukraine is a subsidiary of SABMiller plc. The brand portfolio of Miller Brands Ukraine includes local brands such as Sarmat and Zhygoluvske, alongside well-known international brands such as Miller Genuine Draft, Zolotaya Bochka, Velkopopovicky and Amsterdam Mariner. The company was formerly known as JSC Sarmat and changed its name to PJSC Miller Brands Ukraine in 2010.
Foster's Group Pty Ltd	Foster's Group Pty. Ltd. engages in the production, marketing, and sale of alcoholic beverages. It offers beers under the VB, Carlton Draught, Corona Extra, Crown Lager, Pure Blonde, Carlton Mid, and Carlton Dry brand names, as well as imports and licenses international brands, such as Asahi, Corona, and Stella Artois. It also provides cider products under the Strongbow, Bulmers Original, and Mercury brand names; and spirits under the Akropolis Oyzo, Barossa Brandy, Black Jack, Chatelle Napoleon, Continental Liqueurs, Cougar Bourbon, Coyote Tequila, Fiji Range, Karloff, Kirov Vodka, Prince Alberts Gin, and Black Douglas brands. In addition, the company offers a range of non-alcohol beverages, such as flavoured water, natural beverages, and drinks with functional additives under the Cascade Apple Isle, Cascade Ginger Beer, Cascade Real Juices, Cascade Traditionals, Cascade Ultra C, Perrier, Torquay Mineral Water, and Torquay Spring Water brands. It primarily operates in Australia, Fiji, Samoa, and the Middle East. The company is based in Southbank, Australia.
UB Nizam Breweries Pvt Ltd	UB Nizam Breweries Private Limited produces and distributes beer. The company was formerly known as Asia Pacific Breweries Pearl Private Limited. The company was incorporated in 2005 and is based in Hyderabad, India.
Kona Brewing Co Inc	Kona Brewing Co., Inc., a brewery, produces and distributes craft beers. The company also owns and operates pubs in Hawaii and Oahu. The company sells its beer products through its pubs, as well as restaurants and other markets. It distributes craft beer in Hawaii; and wheat ale in select markets in the United States and Japan. Kona Brewing also sells beer label T-shirts, brewery logo T-shirts, women's T-shirts, long sleeve T-shirts, brewery glasses, logo baseball caps, visors, army hats, bucket hats, barware, brewery beach gear and extras, bar signs, key chains, and golf gear through its online store. The company was founded in 1994 and is based in Kailua Kona, Hawaii. It has beer production locations in Portland, Oregon; and Portsmouth, New Hampshire.
Pabst Brewing Company LLC	Pabst Brewing Company, LLC produces and sells beers in the United States. The company offers its products through distributors. Pabst Brewing Company, LLC was formerly known as Phillip Best Brewing Company and changed its name to Pabst Brewing Company, LLC in March 1889. The company was founded in 1844 and is based in Los Angeles, California.
Widmer Brothers Brewing Company Inc	Widmer Brothers Brewing Company Incorporated was founded in 1984 and is located in Portland, Oregon, USA. Products of the company include Alchemy Pale Ale, Drop Top Amber, Upheaval Indian Pale Ale and Hefeweizen American Wheat Ale.