



## ASX ANNOUNCEMENT

30 August 2016

### **\$10.1 MILLION PLACEMENT AND UNDERWRITTEN ENTITLEMENT OFFER**

As announced earlier today, Gage Roads Brewing Co Ltd (“Gage Roads” or the “Company”) is pleased to confirm it will raise approximately \$10.1 million, through a placement of 63.9 million shares to raise approximately \$1.6 million (“Placement”) and a fully underwritten entitlement offer to raise approximately \$8.5 million (“Entitlement Offer”).

Argonaut is acting as Lead Manager to the Placement and Lead Manager and Underwriter to the Entitlements Offer.

The Company has received irrevocable commitments to subscribe for all the shares under the Placement, which shall be issued to institutional and sophisticated investors at an issue price of \$0.025. The Company expects shares under the Placement to be issued on or about 6 September 2016.

Under the Entitlement Offer, those shareholders on the Company’s register on 5 September 2016 (i.e. the Record Date) shall be offered 4 new shares for every 5 shares they hold, at the same issue price of the Placement, being \$0.025 per new share. The Entitlement Offer is fully underwritten by Argonaut Capital Limited.

The key dates under the Entitlement Offer are set out below:

|   |                   |
|---|-------------------|
| Lodgement of Prospectus with the ASIC   | 30 August 2016    |
| Ex date   | 2 September 2016  |
| Record Date for determining Entitlements  | 5 September 2016  |
| Prospectus sent out to Shareholders & Company announces this has been completed | 7 September 2016  |
| Closing Date  | 28 September 2016 |
| Annual General Meeting of Shareholders  | 30 September 2016 |
| ASX notified of under subscriptions   | 4 October 2016    |
| Issue date/Shares entered into Shareholders’ security holdings                  | 4 October 2016    |
| Quotation of Shares issued under the Offer*                                     | 5 October 2016    |

Note that the above dates are indicative only and are subject to change at the directors’ discretion.

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Western Australia 6157

PO Box 2024 Palmyra DC  
Western Australia 6169

ABN 22 103 014 320  
ASX: GRB

Gage Roads Brewing Co Limited has been one of Australia’s leading craft breweries for over 14 years.

The Gage Roads craft range includes Atomic Pale Ale, Sleeping Giant IPA, Narrow Neck Session Ale, Breakwater Australian Pale Ale, Single Fin Summer Ale, Pils 3.5% and Small Batch Lager which have grown to become one of Australia’s most popular suite of brands.

Through its contract brewing services division, Australian Quality Beverages, the Company also provides specialist contract brewing and packaging services to brand owners throughout Australia.

Proceeds of this capital raising will be used to implement the Company's "*Returning to Craft*" strategy, as well as finance the selective buyback of existing shares held by Woolworths Limited (ASX:WOW) and refinancing existing debt, as set out more fully in the Company's earlier announcement today.

Steinepreis Paganin acted as the Company's legal advisers to the Placement and Entitlements Offer.

The Prospectus to the Entitlements Issue is set out on the following page.

**-END-**

**Further information:**

Marcel Brandenburg  
Company Secretary  
Gage Roads Brewing Co Ltd  
Tel: (08) 9314 0000

John Gardner  
Media/Investor Relations  
Citadel-MAGNUS  
0413 355 997

**GAGE ROADS BREWING CO LTD**  
**ACN 103 014 320**

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**ENTITLEMENT ISSUE PROSPECTUS**

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For a non-renounceable entitlement issue of 4 Shares for every 5 Shares held by those Shareholders registered at the Record Date at an issue price of \$0.025 per Share to raise up to \$8,526,645 (based on the number of Shares on issue as at the date of this Prospectus) (**Offer**).

The Offer is conditionally fully underwritten by Argonaut Capital Limited (**Underwriter**) (AFSL 221476). Refer to Section 8.5 for details regarding the terms of the Underwriting Agreement.

**IMPORTANT NOTICE**

This document is important and should be read in its entirety. If after reading this Prospectus you have any questions about the securities being offered under this Prospectus or any other matter, then you should consult your stockbroker, accountant or other professional adviser.

The Shares offered by this Prospectus should be considered as speculative.



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## 1. CORPORATE DIRECTORY

### Directors

Chris Baddock, Non-Executive Director  
Ian Olson, Non-Executive Chairman  
John Hoedemaker, Managing Director  
Robert Gould, Non-Executive Director

### Registered Office

14 Absolon Street  
PALMYRA WA 6157  
Tel: (08) 9314 0000  
Fax: (08) 9331 2400

### Company Secretary

Marcel Brandenburg

Web: [www.gageroads.com.au](http://www.gageroads.com.au)

### Share Registry\*

Automic Registry Services  
PO Box 223  
WEST PERTH WA 6872

Within Australia: 1300 288 664  
Outside Australia: (+61 8) 9324 2099

### Solicitors

Steinepreis Paganin  
Lawyers and Consultants  
Level 4, The Read Buildings  
16 Milligan Street  
PERTH WA 6000

### Auditor\*

BDO Audit (WA) Pty Ltd  
38 Station Street  
SUBIACO WA 6008

### Underwriter and Lead Manager

Argonaut Capital Limited (Underwriter)  
Argonaut Securities Pty Ltd (Lead Manager)  
Level 30, 77 St George's Terrace  
PERTH, WA 6000

\*This entity is included for information purposes only. It has not been involved in the preparation of this Prospectus.

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## 2. TIMETABLE

| <b>Event</b>  | <b>Date</b>       |
|---|-------------------|
| Lodgement of Prospectus with the ASIC   | 30 August 2016    |
| Lodgement of Prospectus & Appendix 3B with ASX                                  | 30 August 2016    |
| Notice sent to Shareholders   | 1 September 2016  |
| Ex date   | 2 September 2016  |
| Record Date for determining Entitlements  | 5 September 2016  |
| Prospectus sent out to Shareholders & Company announces this has been completed | 7 September 2016  |
| Closing Date*   | 28 September 2016 |
| Shares quoted on a deferred settlement basis                                    | 29 September 2016 |
| Annual General Meeting of Shareholders  | 30 September 2016 |
| ASX notified of under subscriptions   | 4 October 2016    |
| Issue date/Shares entered into Shareholders' security holdings                  | 4 October 2016    |
| Quotation of Shares issued under the Offer*                                     | 5 October 2016    |

\*The Directors may extend the Closing Date by giving at least 3 Business Days' notice to ASX prior to the Closing Date. As such the date the Shares are expected to commence trading on ASX may vary.

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### **3. IMPORTANT NOTES**

This Prospectus is dated 30 August 2016 and was lodged with the ASIC on that date. The ASIC and its officers take no responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates.

No Shares may be issued on the basis of this Prospectus later than 13 months after the date of this Prospectus.

No person is authorised to give information or to make any representation in connection with this Prospectus, which is not contained in the Prospectus. Any information or representation not so contained may not be relied on as having been authorised by the Company in connection with this Prospectus.

It is important that investors read this Prospectus in its entirety and seek professional advice where necessary. The Shares the subject of this Prospectus should be considered highly speculative.

Applications for Shares offered pursuant to this Prospectus can only be submitted on an original Entitlement and Acceptance Form.

This Prospectus is a transaction specific prospectus for an offer of continuously quoted securities (as defined in the Corporations Act) and has been prepared in accordance with section 713 of the Corporations Act. It does not contain the same level of disclosure as an initial public offering prospectus. In making representations in this Prospectus regard has been had to the fact that the Company is a disclosing entity for the purposes of the Corporations Act and certain matters may reasonably be expected to be known to investors and professional advisers whom potential investors may consult.

#### **3.1 Risk factors**

Potential investors should be aware that subscribing for Shares in the Company involves a number of risks. The key risk factors of which investors should be aware are set out in Section 7 of this Prospectus. These risks together with other general risks applicable to all investments in listed securities not specifically referred to, may affect the value of the Shares in the future. Accordingly, an investment in the Company should be considered highly speculative. Investors should consider consulting their professional advisers before deciding whether to apply for Shares pursuant to this Prospectus.

#### **3.2 Forward-looking statements**

This Prospectus contains forward-looking statements which are identified by words such as 'may', 'could', 'believes', 'estimates', 'targets', 'expects', or 'intends' and other similar words that involve risks and uncertainties.

These statements are based on an assessment of present economic and operating conditions, and on a number of assumptions regarding future events and actions that, as at the date of this Prospectus, are expected to take place.

Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of our Company, the Directors and our management.

We cannot and do not give any assurance that the results, performance or achievements expressed or implied by the forward-looking statements contained in this prospectus will actually occur and investors are cautioned not to place undue reliance on these forward-looking statements.

We have no intention to update or revise forward-looking statements, or to publish prospective financial information in the future, regardless of whether new information,

future events or any other factors affect the information contained in this prospectus, except where required by law.

These forward looking statements are subject to various risk factors that could cause our actual results to differ materially from the results expressed or anticipated in these statements. These risk factors are set out in Section 7 of this Prospectus.

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## 4. DETAILS OF THE OFFER

### 4.1 Overview of Transaction

As announced to ASX on 30 August 2016, the Company proposes to undertake the following transactions:

- (a) subject to Shareholder approval and the satisfaction of certain other conditions, to buy-back and cancel 100,016,305 Shares currently held by Woolworths Limited;
- (b) to complete an institutional placement of 63,900,000 Shares under its current 15% placement capacity to raise approximately \$1.6 million (**Placement**);
- (c) to undertake a fully underwritten 4 for 5 non-renounceable entitlement issue of Shares to existing Shareholders to raise approximately \$8.5 million (**Offer**);
- (d) to issue up to 129,049,733 Shares to senior executives and managers of the Company under the Company's Executive and Employee Share Plan (**Share Plan**); and
- (e) to repay \$4.7 million of existing debt, refinance the remaining debt, and procure the removal of Woolworths Limited as a guarantor of that debt,

(together, the **Transaction**).

Gage Roads Brewing Co. Limited (**Gage Roads or the Company**) launched a new five-year operational strategy, "Returning to Craft", in May 2016 (refer: ASX announcement and presentation, 16 May 2016) underpinned by the rapidly growing demand for high quality craft beer in Australia.

Gage Roads' revised strategy is focused on growing its proprietary craft beer portfolio and the production of consistently high quality, higher margin products. Gage Roads is one of the largest independent craft beer brands in Australia and the only brewer currently listed on the ASX.

Integral to the Company's strategy is building a greater awareness of its brands through the expansion of its national sales and marketing team. The Company has a coordinated plan to open up opportunities for consumers to trial its products and engage with the Gage Roads brand values and ethos, through hotels, pubs and retail outlets nationally.

Since 2009, Woolworths Limited (ASX: WOW) has been a major shareholder of Gage Roads, providing production, supply and distribution support to the Company, and access to up to 25 per cent of the total beer market in Australia.

Gage Roads will retain the continued support of Woolworths via the recently executed three-year extension, with a further two-year option, of its supply and distribution agreement with Pinnacle Liquor Group Pty Ltd, a subsidiary of Endeavour Drinks Group (formerly Woolworths Liquor Group), as announced in May 2016. Over time the supply agreement with Pinnacle sees the Company slowly un-wind the volume of contract production as we aim to replace that volume with growth of our proprietary brands.

The proposed buy back of Woolworth's shareholding in Gage Roads is aligned with the Company's commitment to growing its in-house brands, lessening its dependence on the

contract brewing of mainstream beers and opening up distribution channels of its products to the remaining 75 per cent of the Australian beer market.

The proposed Transaction will provide Gage Roads with the ownership structure and financial flexibility, through materially lower debt and increased operational cash flows, to successfully deliver upon its Returning to Craft strategy.

Further details of the Transaction are set out in the ASX announcement dated 30 August 2016, and the Notice of Meeting released on ASX on the same date.

The Offer is being made pursuant to this Prospectus.

## **4.2 The Offer**

The Offer is being made as a non-renounceable entitlement issue of 4 Shares for every 5 Shares held by Shareholders registered at the Record Date at an issue price of \$0.025 per Share. Fractional entitlements will be rounded down to the nearest whole number.

Based on the capital structure of the Company as at the date of this Prospectus, a maximum of 341,065,834 Shares will be issued pursuant to this Offer to raise up to \$8,526,645.

All of the Shares offered under this Prospectus will rank equally with the Shares on issue at the date of this Prospectus. Please refer to Section 6 for further information regarding the rights and liabilities attaching to the Shares.

The purpose of the Offer and the intended use of funds raised are set out in Section 5.1 of this Prospectus.

## **4.3 Offer of Options**

Pursuant to this Prospectus, the Company also offers to issue to Argonaut Capital Limited (or its nominees) 15,000,000 Options in accordance with the terms of the Underwriting Agreement. Please refer to Section 8.5 for further details of the terms of the Underwriting Agreement.

## **4.4 Minimum subscription**

There is no minimum subscription.

## **4.5 Acceptance**

Your acceptance of the Offer must be made on the Entitlement and Acceptance Form accompanying this Prospectus. Your acceptance must not exceed your Entitlement as shown on that form. If it does, your acceptance will be deemed to be for the maximum Entitlement.

You may participate in the Offer as follows:

- (a) if you wish to accept your full Entitlement:
  - (i) you may do so in accordance with the BPAY® instructions as provided in clause 4.7; or
  - (ii) complete the Entitlement and Acceptance Form; and
  - (iii) attach your cheque, drawn on an Australian bank or bank draft made payable in Australian currency, for the amount indicated on the Entitlement and Acceptance Form; or
- (b) if you only wish to accept part of your Entitlement:

- (i) you may do so in accordance with the BPAY® instructions as provided in clause 4.7; or
  - (ii) fill in the number of Shares you wish to accept in the space provided on the Entitlement and Acceptance Form; and
  - (iii) attach your cheque, drawn on an Australian bank or bank draft made payable in Australian currency, for the appropriate application monies (at \$0.025 per Share); or
- (c) if you do not wish to accept all or part of your Entitlement, you are not obliged to do anything.

#### **4.6 Payment by cheque/bank draft**

All cheques must be drawn on an Australian bank or bank draft made payable in Australian currency to "Gage Roads Brewing Co Limited – Entitlement Issue Account" and crossed "Not Negotiable".

Your completed Entitlement and Acceptance Form and cheque must reach the Company's share registry no later than 5:00pm WST on the Closing Date.

#### **4.7 Payment by BPAY®**

For payment by BPAY®, please follow the instructions on the Entitlement and Acceptance Form. You can only make a payment via BPAY® if you are the holder of an account with an Australian financial institution that supports BPAY® transactions. Please note that should you choose to pay by BPAY®:

- (a) you do not need to submit the Entitlement and Acceptance Form but are taken to have made the declarations on that Entitlement and Acceptance Form; and
- (b) if you do not pay for your Entitlement in full, you are deemed to have taken up your Entitlement in respect of such whole number of Shares which is covered in full by your application monies.

**It is your responsibility to ensure that your BPAY® payment is received by the share registry by no later than 4:00pm (WST) on the Closing Date. You should be aware that your financial institution may implement earlier cut-off times with regards to electronic payment and you should therefore take this into consideration when making payment.** Any application monies received for more than your final allocation of Shares (only where the amount is \$1.00 or greater) will be refunded. No interest will be paid on any application monies received or refunded.

The Offer is non-renounceable. Accordingly, a Shareholder may not sell or transfer all or part of their Entitlement.

#### **4.8 Underwriting**

Argonaut Capital Limited has been appointed as underwriter to fully underwrite the Offer. Refer to Section 8.5 of this Prospectus for details of the terms of the underwriting.

#### **4.9 Effect on control of the Company**

##### ***The effect of the Underwriting Agreement on the control of the Company:***

The Underwriter presently is not a Shareholder of the Company and the extent to which Shares are issued pursuant to the underwriting will increase the Underwriter's voting power in the Company. The Underwriter is not a related party of the Company for the purpose of the Corporations Act. The Underwriter's present relevant interest and changes under several scenarios are set out in the table below.

| Event                               | Shares held by Underwriter | Voting power of Underwriter |
|-------------------------------------|----------------------------|-----------------------------|
| Date of Prospectus (30 August 2016) | 0                          | 0%                          |
| • Fully subscribed                  | 0                          | 0%                          |
| • 75% subscribed                    | 85,266,459                 | 11.11%                      |
| • 50% subscribed                    | 170,532,917                | 22.22%                      |
| • 25% subscribed                    | 255,799,376                | 33.33%                      |
| • 0% subscribed                     | 341,065,834                | 44.44%                      |

The number of Shares held by the Underwriter and its voting power in the table above show the potential effect of the underwriting of the Offer. However, it is unlikely that no Shareholders will take up Entitlements under the Offer. The underwriting obligation and therefore voting power of the Underwriter will reduce by a corresponding amount for the amount of Entitlements under the Offer taken up by the Shareholders.

Pursuant to the terms of the Underwriting Agreement, the Company has agreed to issue the Underwriter (or its nominees) 15,000,000 Options in part consideration for the underwriting services provided by the Underwriter. In the event that the Underwriter retains and exercises these Options, its voting power in the Company will increase at the time of exercise of the Options. The exercise of the Options and subsequent increase of the Underwriter's voting power will be subject to the restrictions in Chapter 6 of the Corporations Act.

***The effect of sub-underwriting agreements on the control of the Company:***

The Underwriter has entered into a number of sub-underwriting agreements in relation to the Offer. The allocation of Shortfall Shares to the sub-underwriters will reduce the number of Shares held by the Underwriter following completion of the Offer.

The Underwriter has advised that, to the best of its knowledge, only one sub-underwriter will increase their holding in the Company above 5% as a result of sub-underwriting the Offer. This sub-underwriter is an institutional sub-underwriter which is not a related party of the Company.

The Underwriter has entered into a sub-underwriting agreement with Mr John Hoedemaker and Mr Robert Gould, who are related parties by virtue of being Directors, and Ms Carol Olson, who is a related party by virtue of being the parent of a Director. Mr Hoedemaker, Mr Gould and Ms Olson have agreed to sub-underwrite 14,876,280 Shares, 4,000,000 Shares and 2,800,000 Shares respectively. A summary of the sub-underwriting agreements with Mr Hoedemaker, Mr Gould and Ms Olson (together, the **Related Party Sub-underwriters**) are set out in Section 8.7 below.

The table below shows the maximum potential voting power of the Related Party Sub-underwriters in the following scenarios:

Scenario 1 assumptions:

- (a) each of Mr the Related Party Sub-underwriters take up their full Entitlement, are allocated the full number of their sub-underwritten Shortfall Shares, and (if applicable) are issued the maximum number of Shares pursuant to the Share Plan as contemplated by this Prospectus; and
- (b) a total of 534,015,567 Shares are issued pursuant to the Placement, the Offer and the Share Plan; and
- (c) 100,016,305 Shares are bought-back from Woolworths Limited and cancelled.

Scenario 2 assumptions:

- (d) each of the Related Party Sub-underwriters take up their full Entitlement, are allocated the full number of their sub-underwritten Shortfall Shares, and (if applicable) are issued the maximum number of Shares pursuant to the Share Plan as contemplated by this Prospectus; and
- (e) no other Shares are issued pursuant to the Placement, the Offer and the Share Plan; and
- (f) the Buy-Back does not proceed as it is conditional upon the Company completing a minimum capital raising of \$6.7 million.

| Related Party Sub-underwriter | Shareholding post Transaction | Voting Power – Scenario 1 | Voting Power – Scenario 2 |
|-------------------------------|-------------------------------|---------------------------|---------------------------|
| John Hoedemaker               | 57,053,994                    | 6.63%                     | 11.62%                    |
| Robert Gould                  | 16,349,725                    | 1.90%                     | 3.33%                     |
| Ms Carol Olson                | 2,800,000                     | 0.33%                     | 0.57%                     |

**Interests of substantial holders:**

Based on publicly available information as at 26 August 2016, those persons which (together with their associates) have a relevant interest in 5% or more of the Shares on issue are set out below:

| Shareholder        | Shares      | %      |
|--------------------|-------------|--------|
| Woolworths Limited | 100,016,305 | 23.46% |
| Mr Shimin Song     | 51,881,412  | 12.17% |

As announced to ASX on 30 August 2016, the Company will seek Shareholder approval to buy back all of the Shares held by Woolworths Limited at a price of \$0.015625 per Share. Woolworths Limited has confirmed that it will not subscribe for any of its Entitlement under the Offer. Accordingly, the voting power of Woolworths Limited will not increase as a result of the Offer.

In the event that Mr Shimin Song takes up his full Entitlement and the Underwriter subscribes for (or procures subscriptions for) all of the Shortfall Shares, there will be no increase in Mr Song's voting power on completion of the Offer.

In the event that Mr Shimin Song takes up his full Entitlement, no other Shareholders take up their Entitlements, and the Underwriting Agreement is terminated for any reason, the maximum potential voting power of Mr Song will be 19.96%. However, it is unlikely that no other Shareholders will take up their Entitlements. Mr Shimin Song's maximum voting power would also be reduced to the extent that additional Shares are issued pursuant to the Transaction. Please refer to Section 5.4 for further details of the proposed capital structure after completion of the Transaction.

**Dilutionary effect on Shareholders**

In addition, Shareholders should note that if they do not participate in the Offer, their holdings are likely to be diluted by approximately 44% (as compared to their holdings and number of Shares on issue as at the date of the Prospectus). Examples of how the dilution may impact Shareholders is set out in the table below:

| Holder        | Holding as at Record date | % at Record Date | Entitlements under the Offer | Holdings if Offer not taken Up | % post Offer       |
|---------------|---------------------------|------------------|------------------------------|--------------------------------|--------------------|
| Shareholder 1 | 10,000,000                | 2.35%            | 8,000,000                    | 10,000,000                     | 1.30%              |
| Shareholder 2 | 5,000,000                 | 1.17%            | 4,000,000                    | 5,000,000                      | 0.65%              |
| Shareholder 3 | 1,500,000                 | 0.35%            | 1,200,000                    | 1,500,000                      | 0.20%              |
| Shareholder 4 | 400,000                   | 0.09%            | 320,000                      | 400,000                        | 0.05%              |
| Shareholder 5 | 50,000                    | 0.01%            | 40,000                       | 50,000                         | 0.01%              |
| <b>Total</b>  | <b>426,332,293</b>        |                  | <b>341,065,834</b>           |                                | <b>767,398,127</b> |

**Note** - The dilutionary effect shown in the table is the maximum percentage on the assumption that those Entitlements not taken up under the terms of the Underwriting Agreement. In the event all Entitlements are not accepted and some or all of the resulting Shortfall was not subsequently taken up under the terms of the Underwriting Agreement, the dilution effect for each Shareholder not accepting their Entitlement would be a lesser percentage.

#### 4.10 Lead Manager

Argonaut Securities Pty Ltd (**Lead Manager**) has also been appointed as Lead Manager to the Offer. The terms of the appointment of the Lead Manager are summarised in Section 8.6 of this Prospectus.

#### 4.11 Shortfall Offer

No shortfall offer is made pursuant to this Prospectus. Any Entitlement not taken up pursuant to the Offer will be dealt with in accordance with the Underwriting Agreement.

#### 4.12 ASX listing

Application for Official Quotation of the Shares offered pursuant to this Prospectus will be made in accordance with the timetable set out at the commencement of this Prospectus. If ASX does not grant Official Quotation of the Shares offered pursuant to this Prospectus before the expiration of 3 months after the date of issue of the Prospectus, (or such period as varied by the ASIC), the Company will not issue any Shares and will repay all application monies for the Shares within the time prescribed under the Corporations Act, without interest.

The fact that ASX may grant Official Quotation to the Shares is not to be taken in any way as an indication of the merits of the Company or the Shares now offered for subscription.

#### 4.13 Issue of Shares

Shares issued pursuant to the Offer will be issued in accordance with the ASX Listing Rules and timetable set out at the commencement of this Prospectus. Shortfall Shares issued to the Underwriter or sub-underwriters will be issued on a progressive basis.

Pending the issue of the Shares or payment of refunds pursuant to this Prospectus, all application monies will be held by the Company in trust for the Applicants in a separate bank account as required by the Corporations Act. The Company, however, will be entitled to retain all interest that accrues on the bank account and each Applicant waives the right to claim interest.

Holding statements for Shares issued under the Offer will be mailed in accordance with the ASX Listing Rules and timetable set out at the commencement of this Prospectus and for Shortfall Shares issued to the Underwriter or sub-underwriters as soon as practicable after their issue.

#### 4.14 Overseas shareholders

This Offer does not, and is not intended to, constitute an offer in any place or jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer or to issue this Prospectus.

It is not practicable for the Company to comply with the securities laws of overseas jurisdictions having regard to the number of overseas Shareholders, the number and value of Shares these Shareholders would be offered and the cost of complying with regulatory requirements in each relevant jurisdiction. Accordingly, the Offer is not being extended and Shares will not be issued to Shareholders with a registered address which is outside Australia or New Zealand.

##### ***New Zealand***

The Shares are not being offered to the public within New Zealand other than to existing shareholders of the Company with registered addresses in New Zealand to whom the offer of these securities is being made in reliance on the transitional provisions of the Financial Markets Conduct Act 2013 (New Zealand) and the Securities Act (Overseas Companies) Exemption Notice 2013 (New Zealand).

This Prospectus has been prepared in compliance with Australian law and has not been registered, filed with or approved by any New Zealand regulatory authority. This document is not a product disclosure statement under New Zealand law and is not required to, and may not, contain all the information that a product disclosure statement under New Zealand law is required to contain.

##### ***Nominees and custodians***

Nominees and custodians may not submit an Entitlement and Acceptance Form on behalf of any Shareholder resident outside Australia and New Zealand without the prior consent of the Company, taking into account relevant securities law restrictions. Return of a duly completed Entitlement and Acceptance Form will be taken by the Company to constitute a representation that there has been no breach of those regulations.

#### 4.15 Enquiries

Any questions concerning the Offer should be directed to Marcel Brandenburg, Company Secretary, on (08) 9314 0000.

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## 5. PURPOSE AND EFFECT OF THE OFFER

### 5.1 Purpose of the Offer

The purpose of the Offer is to raise up to \$8,526,645.

The funds raised from the Offer are planned to be used in accordance with the table set out below:

| Item | Proceeds of the Offer                          | Full Subscription (\$) | %           |
|------|--|------------------------|-------------|
| 1.   | Buy-back of GRB Shares from Woolworths Limited | 1,562,755              | 18.3%       |
| 2.   | Repayment of loans to ANZ                      | 4,700,000              | 55.1%       |
| 5.   | Working capital                                | 1,718,890              | 20.2%       |
| 3.   | Expenses of the Offer <sup>1</sup>             | 545,000                | 6.4%        |
|      | <b>Total</b>                                   | <b>8,526,645</b>       | <b>100%</b> |

**Notes:**

1. Refer to Section 8.11 of this Prospectus for further details relating to the estimated expenses of the Offer.

The above table is a statement of current intentions as of the date of this Prospectus. As with any budget, intervening events and new circumstances have the potential to affect the manner in which the funds are ultimately applied. The Board reserves the right to alter the way funds are applied on this basis.

**5.2 Effect of the Offer**

The principal effect of the Offer, assuming all Entitlements are accepted prior to the Record Date, will be to:

- (a) increase the cash reserves by \$7,981,865 (after deducting the estimated expenses of the Offer) immediately after completion of the Offer; and
- (b) increase the number of Shares on issue from 426,332,293 as at the date of this Prospectus to 767,398,127 Shares.

**5.3 Pro-forma balance sheet**

The audited balance sheet as at 30 June 2016 and the unaudited pro-forma balance sheet shown below have been prepared on the basis of the accounting policies normally adopted by the Company and reflect the changes to its financial position.

The pro-forma balance sheet has been prepared assuming all Entitlements are accepted and the other proposed issues and buy-back of securities referred to elsewhere in this Prospectus are completed.

The pro-forma balance sheet has been prepared to provide investors with information on the assets and liabilities of the Company and pro-forma assets and liabilities of the Company as noted below.

The historical and pro-forma financial information is presented in an abbreviated form, insofar as it does not include all of the disclosures required by Australian Accounting Standards applicable to annual financial statements.

|                                      | AUDITED<br>30 JUNE 2016 | ADJUSTMENTS<br>PLACEMENT | ADJUSTMENTS<br>ENTITLEMENT ISSUE | PRO-FORMA         |
|--------------------------------------|-------------------------|--------------------------|----------------------------------|-------------------|
| <b>ASSETS</b>                        |                         |                          |                                  |                   |
| <b>Current assets</b>                |                         |                          |                                  |                   |
| 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         |
| <b>Total current assets</b>          | <b>8,297,681</b>        | <b>1,501,650</b>         | <b>7,981,646</b>                 | <b>17,780,978</b> |
| <b>Non-current assets</b>            |                         |                          |                                  |                   |
| 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            |
| <b>Total non-current assets</b>      | <b>25,552,960</b>       | <b>-</b>                 | <b>-</b>                         | <b>25,552,960</b> |
| <b>Total assets</b>                  | <b>33,850,641</b>       | <b>1,501,650</b>         | <b>7,981,646</b>                 | <b>43,333,938</b> |
| <b>LIABILITIES</b>                   |                         |                          |                                  |                   |
| <b>Current liabilities</b>           |                         |                          |                                  |                   |
| Trade and other payables             | 7,195,989               | -                        | -                                | 7,195,989         |
| Borrowings                           | 9,685,319               | -                        | -                                | 9,685,319         |
| <b>Total current liabilities</b>     | <b>16,881,308</b>       | <b>-</b>                 | <b>-</b>                         | <b>16,881,307</b> |
| <b>Non-current liabilities</b>       |                         |                          |                                  |                   |
| Provisions                           | 231,400                 | -                        | -                                | 231,400           |
| <b>Total non-current liabilities</b> | <b>231,400</b>          | <b>-</b>                 | <b>-</b>                         | <b>231,400</b>    |
| <b>Total liabilities</b>             | <b>17,112,708</b>       | <b>-</b>                 | <b>-</b>                         | <b>17,112,707</b> |
| <b>Net assets</b>                    | <b>16,737,935</b>       | <b>1,501,650</b>         | <b>7,981,646</b>                 | <b>26,221,230</b> |
| <b>EQUITY</b>                        |                         |                          |                                  |                   |
| 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)      |
| <b>Total equity</b>                  | <b>16,737,935</b>       | <b>1,501,650</b>         | <b>7,981,646</b>                 | <b>26,221,230</b> |

#### 5.4 Effect on capital structure

The effect of the Transaction (including the Offer) on the capital structure of the Company (assuming all Entitlements are accepted and the other proposed issues and buy-back of securities referred to elsewhere in this Prospectus are completed) is set out below:

| <b>Event</b>  | <b>Shares</b>      | <b>Options</b>    |
|---|--------------------|-------------------|
| Securities on issue as at the date of this Prospectus           | 426,332,293        | Nil               |
| Securities to be issued pursuant to the Placement               | 63,900,000         | Nil               |
| Securities to be issued pursuant to the Offer                   | 341,065,834        | Nil               |
| Securities to be issued pursuant to the Share Plan <sup>1</sup> | 129,049,733        | Nil               |
| Securities to be issued to the Underwriter                      | Nil                | 15,000,000        |
| <b>Sub-Total</b>  | <b>960,347,860</b> | <b>15,000,00</b>  |
| Less Shares subject to buy-back and cancellation <sup>2</sup>   | 100,016,305        | -                 |
| <b>Securities on issue at completion of the Transaction*</b>    | <b>860,331,555</b> | <b>15,000,000</b> |

Note 1 - of these 129,049,733 Shares to be issued under the Share Plan, the issue of 55,168,760 Shares is subject to Shareholder approval pursuant to Resolutions 3 to 5 at the Annual General Meeting.

Note 2 – the buy-back of these Shares is subject to Shareholder approval pursuant to Resolution 6 at the Annual General Meeting, and the satisfaction of certain other conditions. Please refer to the Notice of Meeting for further information.

Of the Company's current issued Shares, 31,000,000 are in holding lock subject to the achievement of restriction conditions under the terms of the Share Plan. The additional 129,049,733 Shares proposed to be issued pursuant to the Share Plan will also be holding lock subject to the achievement of restriction conditions as outlined in the Company's notice of annual general meeting announced 30 August 2016.

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## **6. RIGHTS AND LIABILITIES ATTACHING TO SECURITIES**

### **6.1 Shares**

The following is a summary of the more significant rights and liabilities attaching to Shares being offered pursuant to this Prospectus. This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of Shareholders. To obtain such a statement, persons should seek independent legal advice.

Full details of the rights and liabilities attaching to Shares are set out in the Constitution, a copy of which is available for inspection at the Company's registered office during normal business hours.

#### ***General meetings***

Shareholders are entitled to be present in person, or by proxy, attorney or representative to attend and vote at general meetings of the Company.

Shareholders may requisition meetings in accordance with section 249D of the Corporations Act and the Constitution of the Company.

#### ***Voting rights***

Subject to any rights or restrictions for the time being attached to any class or classes of shares, at general meetings of shareholders or classes of shareholders:

- (a) each Shareholder entitled to vote may vote in person or by proxy, attorney or representative;
- (b) on a show of hands, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder has one vote; and
- (c) on a poll, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder shall, in respect of each fully paid Share held by him, or in respect of which he is appointed a proxy, attorney or representative, have one vote for each Share held, but in respect of partly paid shares shall have such number of votes as bears the same proportion to the total of such Shares registered in the Shareholder's name as the amount paid (not credited) bears to the total amounts paid and payable (excluding amounts credited).

### ***Dividend rights***

Subject to the rights of any preference Shareholders and to the rights of the holders of any shares created or raised under any special arrangement as to dividend, the Directors may from time to time declare a dividend to be paid to the Shareholders entitled to the dividend which shall be payable on all Shares according to the proportion that the amount paid (not credited) is of the total amounts paid and payable (excluding amounts credited) in respect of such Shares.

The Directors may from time to time pay to the Shareholders any interim dividends as they may determine. No dividend shall carry interest as against the Company. The Directors may set aside out of the profits of the Company any amounts that they may determine as reserves, to be applied at the discretion of the Directors, for any purpose for which the profits of the Company may be properly applied.

Subject to the ASX Listing Rules and the Corporations Act, the Company may, by resolution of the Directors, implement a dividend reinvestment plan on such terms and conditions as the Directors think fit and which provides for any dividend which the Directors may declare from time to time payable on Shares which are participating Shares in the dividend reinvestment plan, less any amount which the Company shall either pursuant to the Constitution or any law be entitled or obliged to retain, be applied by the Company to the payment of the subscription price of Shares.

### ***Winding-up***

If the Company is wound up, the liquidator may, with the authority of a special resolution, divide among the Shareholders in kind the whole or any part of the property of the Company, and may for that purpose set such value as he considers fair upon any property to be so divided, and may determine how the division is to be carried out as between the Shareholders or different classes of Shareholders.

The liquidator may, with the authority of a special resolution, vest the whole or any part of any such property in trustees upon such trusts for the benefit of the contributories as the liquidator thinks fit, but so that no Shareholder is compelled to accept any shares or other securities in respect of which there is any liability.

### ***Shareholder liability***

As the Shares issued will be fully paid shares, they will not be subject to any calls for money by the Directors and will therefore not become liable for forfeiture.

### ***Transfer of shares***

Generally, shares in the Company are freely transferable, subject to formal requirements, the registration of the transfer not resulting in a contravention of or failure to observe the provisions of a law of Australia and the transfer not being in breach of the Corporations Act and the ASX Listing Rules.

### ***Future increase in capital***

The issue of any new Shares is under the control of the Directors of the Company. Subject to restrictions on the issue or grant of Securities contained in the ASX Listing Rules, the Constitution and the Corporations Act (and without affecting any special right previously conferred on the holder of an existing share or class of shares), the Directors may issue Shares as they shall, in their absolute discretion, determine.

### ***Variation of rights***

Under section 246B of the Corporations Act, the Company may, with the sanction of a special resolution passed at a meeting of Shareholders vary or abrogate the rights attaching to shares.

If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class), whether or not the Company is being wound up, may be varied or abrogated with the consent in writing of the holders of three quarters of the issued shares of that class, or if authorised by a special resolution passed at a separate meeting of the holders of the shares of that class.

### ***Alteration of constitution***

In accordance with the Corporations Act, the Constitution can only be amended by a special resolution passed by at least three quarters of Shareholders present and voting at the general meeting. In addition, at least 28 days written notice specifying the intention to propose the resolution as a special resolution must be given.

## **6.2 Options**

By this Prospectus, the Company makes an offer of 15,000,000 Options to be issued to Argonaut (or its nominees) pursuant to the Underwriting Agreement. These Options have the following terms:

### ***Entitlement***

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

### ***Exercise Price***

Subject to any changes made upon reconstruction of capital, the amount payable upon exercise of each Option will be \$0.07 (**Exercise Price**).

### ***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.

### ***Exercise Period***

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

### ***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.

### ***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**).

### ***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 0(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.

### ***Shares issued on exercise***

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

### ***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.

### ***Reconstruction of capital***

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

### ***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.

### ***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.

### ***Unquoted***

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

## ***Transferability***

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

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## **7. RISK FACTORS**

### **7.1 Introduction**

The Shares offered under this Prospectus are considered highly speculative. An investment in the Company is not risk free and the Directors strongly recommend potential investors to consider the risk factors described below, together with information contained elsewhere in this Prospectus and to consult their professional advisers before deciding whether to apply for Shares pursuant to this Prospectus.

There are specific risks which relate directly to the Company's business. In addition, there are other general risks, many of which are largely beyond the control of the Company and the Directors. The risks identified in this section, or other risk factors, may have a material impact on the financial performance of the Company and the market price of the Shares.

The following is not intended to be an exhaustive list of the risk factors to which the Company is exposed.

### **7.2 Company specific**

#### ***Potential for significant dilution***

Upon implementation of the Offer, assuming all Entitlements are accepted, the number of Shares in the Company will increase from 426,332,293 currently on issue to 767,398,127. This means that each Share will represent a significantly lower proportion of the ownership of the Company. Further, the Shares being offered pursuant to the Offer are being offered at a significant discount to the current trading price of Shares on ASX.

It is not possible to predict what the value of the Company or a Share will be following the completion of the Offer being implemented and the Directors do not make any representation as to such matters.

The last trading price of Shares on ASX prior to the prospectus being lodged of \$0.068 is not a reliable indicator as to the potential trading price of Shares after implementation of the Offer.

#### ***Impact of failure to implement the Transaction***

As set out in Section 4.1, the Company proposes to undertake the following transactions in conjunction with the Offer:

- (a) subject to Shareholder approval and the satisfaction of certain other conditions, to buy-back and cancel 100,016,305 Shares currently held by Woolworths Limited (**Buy-Back**);
- (b) to complete an institutional placement of 63,900,000 Shares under its current 15% placement capacity to raise approximately \$1.6 million (**Placement**);
- (c) to issue up to 129,049,733 Shares to senior executives and managers of the Company under the Company's Executive and Employee Share Plan (**Share Plan**); and
- (d) to repay \$4.7 million of existing debt, refinance the remaining debt, and procure the removal of Woolworths Limited as a guarantor of the Company's existing debt.

If Shareholders do not approve the Buy-Back, or if the other conditions to the Buy-Back are not satisfied (including the removal of Woolworths Limited as the guarantor of the Company's existing debt), the Buy-Back will not proceed. In this event, if Woolworths Limited elects to sell its Shares on market within a short time frame, there could be a detrimental impact on the price of the Company's Shares on ASX.

The Underwriting Agreement is also conditional (inter alia) on Shareholders passing all resolutions at the Annual General Meeting, and the Company refinancing its debt with one or more major commercial banks. If the Underwriting Agreement is terminated due to any of these or other conditions precedent not being satisfied, or due to the occurrence of any other termination event in the Underwriting Agreement, the Offer may not proceed, or may raise less than the full subscription amount of \$8,526,645. In this event, the Company may need to raise additional capital from other sources to complete its objectives.

If the Underwriter elects not to terminate the Underwriting Agreement, notwithstanding that the Buy-Back or refinancing does not occur, the Company would need to consider alternative uses for the funds raised under the Offer.

#### ***Loss of cornerstone investor***

If the Buy-Back is approved and completed, the Company will buy-back all of the Shares currently held by Woolworths Limited. It is a condition of the Buy-Back that the Company also refinances its remaining debt (after repayment of \$4.7 of existing debt), and procures the removal of Woolworths Limited as guarantor of its remaining debt.

Whilst the Company considers that the Buy-Back is in the best interests of Shareholders, there is a risk that the removal of Woolworths Limited as a cornerstone investor and guarantor of the Company could have an adverse effect on the Company. The Company considers that any potential disadvantages of the Buy-Back are outweighed by potential advantages. Further details of the Buy-Back are set out in the Notice of Meeting.

### **7.3 Industry specific**

#### ***Demand***

The Company operates within the consumer goods sector in which demand for its products is subject to changes in consumer preferences and tastes. The nature of the business is such that its revenues are not secured and may fluctuate significantly over time. Any significant decrease in demand, and accordingly in sales volumes, would be likely to have a material adverse effect on the profitability of the Company.

#### ***Competition***

The Company competes with a wide range of participants in the brewing industry. There can be no assurance that the actions or competitors or changes in consumer preferences will not adversely affect the Company's performance. It is also possible that new competitors will enter the brewing (particularly in the premium brewing segment where there have been a number of recent new entrants) and this also may adversely affect the Company's performance.

#### ***Acquisitions, Joint Ventures and Shareholder Dilution***

The Company may assess strategic acquisitions and joint ventures as one of its growth strategies. The Company may pursue strategic acquisitions of businesses that complement its existing business. There can be no assurance that the Company will be able to successfully identify and implement such opportunities, acquire or integrate such businesses.

The consideration payable in respect of any such acquisition may consist wholly or partly of new Shares issued to the vendors, in which case the shareholdings of existing Shareholders will be diluted. Further, the Company may seek to raise additional capital,

in order to fund acquisitions, or for other purposes, by new issues of Shares. This would also have the effect of diluting the shareholdings of existing Shareholders. The Company may also elect to fund acquisitions using existing or new bank facilities. The Directors will adopt prudent financial practices in assessing the appropriate funding mix.

### ***Intellectual Property***

The Company's commercial success depends in part on its ability to protect its intellectual property assets. The commercial value of these assets is dependent on legal protections provided by a combination of copyright, patent, confidentiality, trade mark, trade secrecy laws and other intellectual property rights. These legal mechanisms, however, do not guarantee that the intellectual property will be protected or that the Company's competitive position will be maintained. No assurance can be given that employees or third parties will not breach confidentiality agreements, infringe or misappropriate the Company's intellectual property or that competitors will not be able to produce non-infringing competitive products.

It is possible that third parties may assert intellectual property infringement, unfair competition or like claims against the Company under copyright, trade secret, patent or other laws. While the Company is not aware of any claims of this nature in relation to any of the intellectual property rights in which it has interests, such claims, if made, may harm, directly or indirectly, the Company's business. If the Company is forced to defend claims of intellectual property infringement, whether they are with or without merit or are determined in the Company's favour, the costs of such litigation will be potentially significant and may divert management's attention from normal commercial operations.

### ***Brand Factors***

The Company's products and services are sold under a number of brands. The Company's brands and its image are key assets to the Company. Should the brand or image be damaged in any way or lose its market appeal, the Company's business could be adversely impacted.

### ***Damage to facilities and warehouses***

The Company owns or leases production, bottling and packaging facilities and warehouses. Damage to or destruction of these facilities could result in the loss of production capability or the loss of stock, adversely impacting the Company's financial results. It cannot be certain that the financial impact of any such event would be mitigated, fully or partially, by insurance.

### ***Adverse change in input costs***

The Company's financial performance is subject to a variety of input costs, which may change beyond the Company's control. This includes changes in the pricing of raw materials including malt, hops, bottles and packaging, fluctuations to changes in exchange rates relating to materials purchased in foreign markets and changes in and changes in utility costs such as electricity, gas and waste water services.

## **7.4 General risks**

### ***Economic***

General economic conditions, movements in interest and inflation rates and currency exchange rates may have an adverse effect on the Company's exploration, development and production activities, as well as on its ability to fund those activities.

### ***Market conditions***

Share market conditions may affect the value of the Company's quoted securities regardless of the Company's operating performance. Share market conditions are affected by many factors such as:

- (a) general economic outlook;
- (b) introduction of tax reform or other new legislation;
- (c) interest rates and inflation rates;
- (d) changes in investor sentiment toward particular market sectors;
- (e) the demand for, and supply of, capital; and
- (f) terrorism or other hostilities.

The market price of securities can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general and resource exploration stocks in particular. Neither the Company nor the Directors warrant the future performance of the Company or any return on an investment in the Company.

### ***Additional requirements for capital***

The Company's capital requirements depend on numerous factors. Depending on the Company's ability to generate income from its operations, the Company may require further financing in addition to amounts raised under the Offer. Any additional equity financing will dilute shareholdings, and debt financing, if available, may involve restrictions on financing and operating activities. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations and scale back its exploration programmes as the case may be. There is however no guarantee that the Company will be able to secure any additional funding or be able to secure funding on terms favourable to the Company.

### ***Dividends***

Any future determination as to the payment of dividends by the Company will be at the discretion of the Directors and will depend on the financial condition of the Company, future capital requirements and general business and other factors considered relevant by the Directors. No assurance in relation to the payment of dividends or franking credits attaching to dividends can be given by the Company.

### ***Taxation***

The acquisition and disposal of Shares will have tax consequences, which will differ depending on the individual financial affairs of each investor. All potential investors in the Company are urged to obtain independent financial advice about the consequences of acquiring Shares from a taxation viewpoint and generally.

To the maximum extent permitted by law, the Company, its officers and each of their respective advisors accept no liability and responsibility with respect to the taxation consequences of subscribing for Shares under this Prospectus.

### ***Reliance on key personnel***

The responsibility of overseeing the day-to-day operations and the strategic management of the Company depends substantially on its senior management and its key personnel. There can be no assurance given that there will be no detrimental impact on the Company if one or more of these employees cease their employment.

## **7.5 Speculative investment**

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of the Shares offered under this Prospectus

Therefore, the Shares to be issued pursuant to this Prospectus carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those Shares.

Potential investors should consider that the investment in the Company is speculative and should consult their professional advisers before deciding whether to apply for Shares pursuant to this Prospectus.

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## **8. ADDITIONAL INFORMATION**

### **8.1 Litigation**

As at the date of this Prospectus, the Company is not involved in any legal proceedings and the Directors are not aware of any legal proceedings pending or threatened against the Company.

### **8.2 Continuous disclosure obligations**

The Company is a “disclosing entity” (as defined in section 111AC of the Corporations Act) for the purposes of section 713 of the Corporations Act and, as such, is subject to regular reporting and disclosure obligations. Specifically, like all listed companies, the Company is required to continuously disclose any information it has to the market which a reasonable person would expect to have a material effect on the price or the value of the Company’s securities.

This Prospectus is a “transaction specific prospectus”. In general terms a “transaction specific prospectus” is only required to contain information in relation to the effect of the issue of securities on a company and the rights attaching to the securities. It is not necessary to include general information in relation to all of the assets and liabilities, financial position, profits and losses or prospects of the issuing company.

This Prospectus is intended to be read in conjunction with the publicly available information in relation to the Company which has been notified to ASX and does not include all of the information that would be included in a prospectus for an initial public offering of securities in an entity that is not already listed on a stock exchange. Investors should therefore have regard to the other publicly available information in relation to the Company before making a decision whether or not to invest.

Having taken such precautions and having made such enquires as are reasonable, the Company believes that it has complied with the general and specific requirements of ASX as applicable from time to time throughout the 3 months before the issue of this Prospectus which required the Company to notify ASX of information about specified events or matters as they arise for the purpose of ASX making that information available to the stock market conducted by ASX.

Information that is already in the public domain has not been reported in this Prospectus other than that which is considered necessary to make this Prospectus complete.

The Company, as a disclosing entity under the Corporations Act states that:

- (a) it is subject to regular reporting and disclosure obligations;
- (b) copies of documents lodged with the ASIC in relation to the Company (not being documents referred to in section 1274(2)(a) of the Corporations Act) may be obtained from, or inspected at, the offices of the ASIC; and

- (c) it will provide a copy of each of the following documents, free of charge, to any person on request between the date of issue of this Prospectus and the Closing Date:
- (i) the annual financial report most recently lodged by the Company with the ASIC;
  - (ii) any half-year financial report lodged by the Company with the ASIC after the lodgement of the annual financial report referred to in (i) and before the lodgement of this Prospectus with the ASIC; and
  - (iii) any continuous disclosure documents given by the Company to ASX in accordance with the ASX Listing Rules as referred to in section 674(1) of the Corporations Act after the lodgement of the annual financial report referred to in (i) and before the lodgement of this Prospectus with the ASIC.

Copies of all documents lodged with the ASIC in relation to the Company can be inspected at the registered office of the Company during normal office hours.

Details of documents lodged by the Company with ASX since the date of lodgement of the Company's latest annual financial report and before the lodgement of this Prospectus with the ASIC are set out in the table below.

| Date       | Description of Announcement                              |
|------------|--|
| 28/08/2015 | Appendix 4G and Corporate Governance Plan                |
| 6/10/2015  | Employee Share Issue, s708A Notice and Appendix 3B       |
| 15/10/2015 | Notice of Annual General Meeting/Proxy Form              |
| 30/10/2015 | Appendix 4C Quarterly and Progress Report Q1 FY16        |
| 18/11/2015 | Results of Meeting                                       |
| 18/11/2015 | AGM FY15 Presentation to Shareholders                    |
| 29/01/2016 | Appendix 4C Quarterly and Progress Report Q2 FY16        |
| 29/02/2016 | Appendix 4D & Half-Year Financial Statements             |
| 8/03/2016  | Change in substantial holding from WOW                   |
| 11/04/2016 | Cessation of Alternate Director                          |
| 18/04/2016 | Company extends contract brewing agreement               |
| 29/04/2016 | Appendix 4C Quarterly and Progress Report Q3 FY16        |
| 16/05/2016 | New Strategy Draws on Gage Roads Craft Beer Heritage     |
| 16/05/2016 | Gage Roads Brewing Co Ltd extends major supply agreement |
| 20/05/2016 | GRB wins highest Australian brewing award                |
| 21/06/2016 | Operational Update - Key appointment and strategy update |
| 30/06/2016 | Appendix 3Y - Consolidation of shareholdings             |
| 22/07/2016 | Appendix 4C - quarterly and Progress Report Q4 FY16      |
| 2/08/2016  | More awards for Gage Roads Brewing Co Ltd                |
| 25/08/2016 | Trading Halt   |

ASX maintains files containing publicly available information for all listed companies. The Company's file is available for inspection at ASX during normal office hours.

The announcements are also available through the Company's website

### 8.3 Market price of shares

The Company is a disclosing entity for the purposes of the Corporations Act and its Shares are enhanced disclosure securities quoted on ASX.

The highest, lowest and last market sale prices of the Shares on ASX during the three months immediately preceding the date of lodgement of this Prospectus with the ASIC and the respective dates of those sales were:

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

### 8.4 Material contracts

The following are summaries of the significant terms of the material agreements which relate to the business of the Company.

### 8.5 Underwriting Agreement

By an agreement between the Underwriter and the Company (**Underwriting Agreement**), the Underwriter agreed to underwrite the Offer for 341,065,834 Shares (**Underwritten Securities**).

Pursuant to the Underwriting Agreement, the Company has agreed to pay the Underwriter a management fee of 2%, and an underwriting fee of 4%, of the "Underwritten Fee Amount". The "Underwritten Fee Amount" is equal to the price of all the Underwritten Securities, less the price of any sub-underwritten securities to be subscribed for by those sub-underwriters nominated by the Company prior to the Offer (up to a maximum value of \$1,000,000).

The Company will also issue 15,000,000 Options to the Underwriter (or its nominees) for an issue price of \$0.0001 per Option.

The obligations of the Underwriter pursuant to the Underwriting Agreement remain conditional upon the satisfaction of conditions precedent, including:

- (a) **(Shareholder Approval)**: the Company obtaining all of the Shareholder Approvals (or if the Shareholder Approvals are passed with amendments, such amendments are to be acceptable to the Underwriter acting in its sole discretion) on or before 30 September 2016;
- (b) **(Refinancing documents)** the Company executes binding documentation with one or more major commercial banks on or before 30 September 2016 for the provision of finance to the Company following the Offer (such binding documentation made be subject to the completion of the Offer) and is otherwise on terms satisfactory to the Underwriter (acting reasonably); and
- (c) **(Closing documents)** the Company providing a notice of the Shortfall and a certificate to the Underwriter by the Shortfall Notice Deadline Date (being 4 October 2016).

The obligation of the Underwriter to underwrite the Offer is subject to certain events of termination. The Underwriter may terminate its obligations under the Underwriting Agreement if:

- (a) **(Indices fall):** the S&P ASX 200 Index (ASX Code: XAO) is at any time after the date of the Underwriting Agreement 10% or more below its respective level as at the close of business on the date of the Mandate for three consecutive Business Days; or
- (b) **(Prospectus):** the Company does not lodge the Prospectus on the Lodgement Date or the Prospectus or the Offer is withdrawn by the Company; or
- (c) **(Supplementary prospectus):**
  - (i) the Underwriter forms the view on reasonable grounds that a Supplementary Prospectus should be lodged with ASIC for any of the reasons referred to in Section 719 of the Corporations Act and the Company fails to lodge a Supplementary Prospectus in such form and content and within such time as the Underwriter may reasonably require; or
  - (ii) the Company lodges a Supplementary Prospectus without the prior written agreement of the Underwriter; or
- (d) **(Non-compliance with disclosure requirements):** it transpires that the Prospectus does not contain all the information that investors and their professional advisers would reasonably require to make an informed assessment of:
  - (i) the assets and liabilities, financial position and performance, profits and losses and prospects of the Company; and
  - (ii) the rights and liabilities attaching to the Underwritten Securities; or
- (e) **(Misleading Prospectus):** it transpires that there is a statement in the Prospectus that is misleading or deceptive or likely to mislead or deceive, or that there is an omission from the Prospectus (having regard to the provisions of Sections 711, 713 and 716 of the Corporations Act) or if any statement in the Prospectus becomes misleading or deceptive or likely to mislead or deceive or if the issue of the Prospectus is or becomes misleading or deceptive or likely to mislead or deceive; or
- (f) **(Proceedings):** ASIC or any other person proposes to conduct any enquiry, investigation or proceedings, or to take any regulatory action or to seek any remedy, in connection with the Offer or the Prospectus, or publicly foreshadows that it may do so;
- (g) **(Unable to Issue Securities):** the Company is prevented from issuing the Underwritten Securities within the time required by the Underwriting Agreement, the Corporations Act, the Listing Rules, any statute, regulation or order of a court of competent jurisdiction by ASIC, ASX or any court of competent jurisdiction or any governmental or semi-governmental agency or authority; or
- (h) **(Future matters):** any statement or estimate in the Prospectus which relates to a future matter is or becomes incapable of being met or, in the reasonable opinion of the Underwriter, unlikely to be met in the projected timeframe;
- (i) **(Withdrawal of consent to Prospectus):** any person (other than the Underwriter) who has previously consented to the inclusion of its, his or her name in the Prospectus or to be named in the Prospectus, withdraws that consent; or
- (j) **(No Quotation Approval):** the Company fails to lodge an Appendix 3B in relation to the Underwritten Securities with ASX by the time required by the Corporations Act, the Listing Rules or any other regulation; or

- (k) **(WOW documents)** Woolworths Limited breaches, repudiates or terminates the agreement(s) it has with the Company relating to the Company's buy back of Shares owned by Woolworths Limited or those agreements are amended without the prior consent of the Underwriter (such consent not to be unreasonably withheld);
- (l) **(ASIC application)**: an application is made by ASIC for an order under Section 1324B or any other provision of the Corporations Act in relation to the Prospectus, the Shortfall Notice Deadline Date has arrived, and that application has not been dismissed or withdrawn; or
- (m) **(ASIC hearing)**: ASIC gives notice of its intention to hold a hearing under Section 739 of the Corporations Act in relation to the Prospectus to determine if it should make a stop order in relation to the Prospectus or ASIC makes an interim or final stop order in relation to the Prospectus under Section 739 of the Corporations Act; or
- (n) **(Takeovers Panel)**: an application is made to the Takeovers Panel makes for a declaration that circumstances in relation to the affairs of the Company are unacceptable circumstances under Pt 6.10 of the Corporations Act; or
- (o) **(Authorisation)**: any authorisation which is material to anything referred to in the Prospectus is repealed, revoked or terminated or expires, or is modified or amended in a manner unacceptable to the Underwriter acting reasonably; or
- (p) **(Indictable offence)**: a director or senior manager of a Relevant Company is charged with an indictable offence; or
- (q) **(Termination Events)**: subject always to the following having a material adverse effect on the Offer (in the reasonable opinion of the Underwriter), any of the following events occurs:
  - (i) **(Hostilities)**: there is an outbreak of hostilities or a material escalation of hostilities (whether or not war has been declared) after the date of the Underwriting Agreement involving one or more of Australia, New Zealand, Japan, Brazil, Russia, the United Kingdom, the United States of America, or the Peoples Republic of China or any member of the European Union , or a terrorist act is perpetrated on any of those countries or any diplomatic, military, commercial or political establishment of any of those countries elsewhere in the world and the Underwriter believes (on reasonable grounds) that the outbreak or escalation is likely to result in a material effect on the Offer or the value of the Shares to be issued under the Offer;
  - (ii) **(Default)**: default or breach by the Company under the Underwriting Agreement of any terms, condition, covenant or undertaking;
  - (iii) **(Incorrect or untrue representation)**: any representation, warranty or undertaking given by the Company in the Underwriting Agreement is or becomes untrue or incorrect in a material respect;
  - (iv) **(Contravention of constitution or Act)**: a material contravention by a Relevant Company of any provision of its constitution, the Corporations Act, the Listing Rules or any other applicable legislation or any policy or requirement of ASIC or ASX;
  - (v) **(Adverse change)**: an event occurs which gives rise to a Material Adverse Effect or any adverse change or any development including a likely Material Adverse Effect after the date of the Underwriting Agreement in the assets, liabilities, financial position, trading results, profits, forecasts, losses, prospects, business or operations of any

Relevant Company including, without limitation, if any forecast in the Prospectus becomes incapable of being met or in the Underwriter's reasonable opinion, unlikely to be met in the projected time;

- (vi) **(Error in Due Diligence Results):** it transpires that any of the Due Diligence Results or any part of the Verification Material was, misleading or deceptive, materially false or that there was a material omission from them;
- (vii) **(Significant change):** a "new circumstance" as referred to in Section 719(1) of the Corporations Act arises that is materially adverse from the point of view of an investor;
- (viii) **(Public statements):** without the prior approval of the Underwriter a public statement is made by the Company in relation to the Offer or the Prospectus other than a statement the Company is required to make in order to comply with its disclosure obligations under the Listing Rules and/or the Corporations Act;
- (ix) **(Misleading information):** any information supplied at any time by the Company or any person on its behalf to the Underwriter in respect of any aspect of the Offer or the affairs of any Relevant Company is or becomes misleading or deceptive or likely to mislead or deceive;
- (x) **(Official Quotation qualified):** the official quotation is qualified or conditional other than as set out in the Underwriting Agreement;
- (xi) **(Change in Act or policy):** there is introduced, or there is a public announcement of a proposal to introduce, into the Parliament of Australia or any of its States or Territories any Act or prospective Act or budget or the Reserve Bank of Australia or any Commonwealth or State authority adopts or announces a proposal to adopt any new, or any major change in, existing, monetary, taxation, exchange or fiscal policy that has not been publicly disclosed or proposed as at the date of the Underwriting Agreement;
- (xii) **(Prescribed Occurrence):** a Prescribed Occurrence occurs (as defined in the Underwriting Agreement), other than as disclosed in the Prospectus;
- (xiii) **(Suspension of debt payments):** the Company suspends payment of its debts generally;
- (xiv) **(Event of Insolvency):** an Event of Insolvency occurs (as defined in the Underwriting Agreement) in respect of a Relevant Company;
- (xv) **(Judgment against a Relevant Company):** a judgment in an amount exceeding \$100,000 is obtained against a Relevant Company and is not set aside or satisfied within 7 days;
- (xvi) **(Litigation):** litigation, arbitration, administrative or industrial proceedings are after the date of the Underwriting Agreement commenced against any Relevant Company except as disclosed in the Prospectus;
- (xvii) **(Board and senior management composition):** there is a change in the composition of the Board or a change in the senior management of the Company before the date of issue of the Underwritten Securities without the prior written consent of the Underwriter (such consent not to be unreasonably withheld);

- (xviii) (**Change in shareholdings**): there is a material change in the major or controlling shareholdings of a Relevant Company (other than as a result of the Offer or a matter disclosed in the Prospectus) or a takeover offer or scheme of arrangement pursuant to Chapter 5 or 6 of the Corporations Act is publicly announced in relation to a Relevant Company;
- (xix) (**Timetable**): there is a delay in any specified date in the Timetable which is greater than 2 Business Days;
- (xx) (**Force Majeure**): a Force Majeure affecting the Company's business or any obligation under the Agreement lasting in excess of 7 days occurs;
- (xxi) (**Certain resolutions passed**): a Relevant Company passes or takes any steps to pass a resolution under Section 254N, Section 257A or Section 260B of the Corporations Act or a resolution to amend its constitution without the prior written consent of the Underwriter;
- (xxii) (**Capital Structure**): any Relevant Company alters its capital structure in any manner not contemplated by the Prospectus excluding the issue of any Shares upon exercise of Options, such Options having been disclosed to the ASX as at the date of the Underwriting Agreement;
- (xxiii) (**Breach of Material Contracts**): any of the Contracts is terminated or substantially modified; or
- (xxiv) (**Market Conditions**): a suspension or material limitation in trading generally on ASX occurs or any material adverse change or disruption occurs in the existing financial markets, political or economic conditions of Australia, Japan, the United Kingdom, the United States of America or other international financial markets.

The Underwriting Agreement also contains a number of indemnities, representations and warranties from the Company to the Underwriter that are considered standard for an agreement of this type.

## 8.6 Lead Manager Mandate

The Company has entered into a Lead Manager Mandate with Argonaut Securities Pty Ltd, pursuant to which Argonaut Securities Pty Ltd has agreed to act as the lead manager to the Company in respect of the Offer and other capital raisings undertaken by the Company.

The initial term of the Lead Manager Mandate is 3 months. The Company will pay Argonaut a financial advisory fee of \$10,000 per month, however this fee may be rebated against any underwriting fees paid to Argonaut Capital Limited.

Argonaut shall have a first right of refusal to act as lead manager of any equity capital raising conducted by the Company within 6 months of the date of the Lead Manager Mandate.

## 8.7 Sub-underwriting Agreements

The Underwriter has advised the Company that it has entered into a number of sub-underwriting agreements in respect of the Offer, including a sub-underwriting agreement with Mr John Hoedemaker and Mr Robert Gould, Directors of the Company, and Ms Carol Olson, a parent of a Director of the Company (together, the **Related Party Sub-underwriters**).

The sub-underwriting agreements with the Related Party Sub-underwriters contain the following material terms:

- (a) the number of Shares to be sub-underwritten by the Related Party Sub-underwriters is as follows:

| Related Party Sub-underwriter | Number of Sub-underwritten Shares |
|-------------------------------|-----------------------------------|
| John Hoedemaker               | 14,876,280                        |
| Robert Gould                  | 4,000,000                         |
| Carol Olson                   | 2,800,000                         |

- (b) in the event that there is a Shortfall, the Related Party Sub-underwriters, together with a number of other sub-underwriters nominated by the Company, will be allocated the Shortfall in priority to the other sub-underwriters engaged by the Underwriter;
- (c) the Related Party Sub-underwriters will not receive any sub-underwriting fees in relation to the sub-underwriting agreement;
- (d) the Related Party Sub-underwriters may terminate the sub-underwriting agreement in the event that the Underwriter terminates the Underwriting Agreement pursuant to its terms.

## 8.8 Interests of Directors

Other than as set out in this Prospectus, no Director or proposed Director holds, or has held within the 2 years preceding lodgement of this Prospectus with the ASIC, any interest in:

- (a) the formation or promotion of the Company;
- (b) any property acquired or proposed to be acquired by the Company in connection with:
- (i) its formation or promotion; or
  - (ii) the Offer; or
- (c) the Offer,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to a Director or proposed Director:

- (d) as an inducement to become, or to qualify as, a Director; or
- (e) for services provided in connection with:
- (i) the formation or promotion of the Company; or
  - (ii) the Offer.

### **Security holdings**

The relevant interest of each of the Directors in the securities of the Company as at the date of this Prospectus, together with their respective Entitlement, is set out in the table below.

| Director <sup>1</sup>          | Shares    | Options | Entitlement | \$        |
|--------------------------------|-----------|---------|-------------|-----------|
| Ian Olson <sup>2</sup>         | 332,500   | -       | 266,000     | \$6,650   |
| John Hoedemaker <sup>2,3</sup> | 6,404,669 | -       | 5,123,735   | \$128,093 |
| Robert Gould <sup>2</sup>      | 50,000    | -       | 40,000      | \$1,000   |
| Chris Baddock                  | -         | -       | -           | -         |

Note 1: The Board recommends all Shareholders take up their Entitlement and advises that all Directors intend to take up their respective Entitlements.

Note 2: Subject to Shareholder approval, the Company proposes to issue 30,649,310 Shares to Mr Hoedemaker, 12,259,725 Shares to Mr Olson, and 12,259,725 Shares to Mr Gould, at an issue price of \$0.05 per Share pursuant to the terms of the Share Plan. These Shares will be issued after the Record Date, and accordingly will not increase these Directors' Entitlement to participate in the Offer. Further information is set out in the Notice of Meeting released to ASX on 30 August 2016.

Note 3: As noted in Section 8.7, the Underwriter has entered into a sub-underwriting agreement with Mr Hoedemaker and Mr Gould pursuant to which Mr Hoedemaker and Mr Gould has agreed to sub-underwrite 14,876,280 and 4,000,000 of the Shortfall Shares respectively.

### **Remuneration**

The remuneration of an executive Director is decided by the Board, without the affected executive Director participating in that decision-making process. The total maximum remuneration of non-executive Directors is initially set by the Constitution and subsequent variation is by ordinary resolution of Shareholders in general meeting in accordance with the Constitution, the Corporations Act and the ASX Listing Rules, as applicable. The determination of non-executive Directors' remuneration within that maximum will be made by the Board having regard to the inputs and value to the Company of the respective contributions by each non-executive Director. The current amount has been set at an amount not to exceed \$400,000 per annum.

A Director may be paid fees or other amounts (ie non-cash performance incentives such as Options, subject to any necessary Shareholder approval) as the other Directors determine where a Director performs special duties or otherwise performs services outside the scope of the ordinary duties of a Director. In addition, Directors are also entitled to be paid reasonable travelling, hotel and other expenses incurred by them respectively in or about the performance of their duties as Directors.

The following table shows the total (and proposed) annual remuneration paid to both executive and non-executive directors.

| Director        | 2016      | 2015      | 2014      |
|-----------------|-----------|-----------|-----------|
| Chris Baddock   | \$583     | \$0       | \$0       |
| Ian Olson       | \$120,583 | \$121,023 | \$76,203  |
| John Hoedemaker | \$439,727 | \$554,308 | \$287,567 |
| Robert Gould    | \$75,583  | \$76,023  | \$51,203  |

## **8.9 Interests of experts and advisers**

Other than as set out below or elsewhere in this Prospectus, no:

- (a) person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus;
- (b) promoter of the Company; or

- (c) underwriter (but not a sub-underwriter) to the issue or a financial services licensee named in this Prospectus as a financial services licensee involved in the issue,

holds, or has held within the 2 years preceding lodgement of this Prospectus with the ASIC, any interest in:

- (d) the formation or promotion of the Company;
- (e) any property acquired or proposed to be acquired by the Company in connection with:
  - (i) its formation or promotion; or
  - (ii) the Offer; or
- (f) the Offer,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to any of these persons for services provided in connection with:

- (g) the formation or promotion of the Company; or
- (h) the Offer.

The Company will pay Argonaut Capital Limited an underwriting fee of approximately \$341,066 together with a \$170,533 management fee in respect of this Offer (such fees to be reduced by an amount equal to 4% of the price of Shares to be subscribed for by sub-underwriters nominated by the Company prior to the date of this Prospectus, up to a maximum of \$40,000). The Company has also agreed to pay Argonaut \$10,000 per month for corporate advisory services provided to the Company for an initial three month term (which may be rebated against any underwriting and management fees paid to Argonaut). The Company will also issue Argonaut Capital Limited (or its nominee) 15,000,000 Options as consideration for part of the cost of capital raising. During the 24 months preceding lodgement of this Prospectus with the ASIC, Argonaut not been paid any fees by the Company.

Steinepreis Paganin has acted as the solicitors to the Company in relation to the Offer. The Company estimates it will pay Steinepreis Paganin \$40,000 (excluding GST and disbursements) for these services. During the 24 months preceding lodgement of this Prospectus with the ASIC, Steinepreis Paganin has been paid fees totalling \$15,310 (excluding GST and disbursements) for legal services provided to the Company.

## **8.10 Consents**

Each of the parties referred to in this Section:

- (a) does not make, or purport to make, any statement in this Prospectus other than those referred to in this Section;
- (b) to the maximum extent permitted by law, expressly disclaim and take no responsibility for any part of this Prospectus other than a reference to its name and a statement included in this Prospectus with the consent of that party as specified in this Section;

Argonaut Capital Limited has given its written consent to being named as underwriter and Argonaut Securities Pty Ltd has given its written consent to being named as lead manager to the Offer in this Prospectus, in the form and context in which it is named. Argonaut has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC.

Steinepreis Paganin has given its written consent to being named as the solicitors to the Company in this Prospectus. Steinepreis Paganin has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC.

BDO has given its written consent to being named as the auditors to the Company in this Prospectus. BDO has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC.

Automic Registry Services has given its written consent to being named as the share registry service providers to the Company in this Prospectus. Automic Registry Services has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC.

#### **8.11 Expenses of the offer**

In the event that all Entitlements are accepted, the total expenses of the Offer are estimated to be approximately \$545,000 (excluding GST) and are expected to be applied towards the items set out in the table below:

| <b>Item</b>                      | <b>\$</b>      |
|----------------------------------|----------------|
| ASIC fees                        | 2,350          |
| ASX fees                         | 18,540         |
| Underwriting and management fees | 471,599        |
| Legal fees                       | 40,000         |
| Printing and distribution        | 10,000         |
| Miscellaneous                    | 2,511          |
| <b>Total</b>                     | <b>545,000</b> |

#### **8.12 Electronic prospectus**

If you have received this Prospectus as an electronic Prospectus, please ensure that you have received the entire Prospectus accompanied by the Application Forms. If you have not, please phone the Company on +61 8 9314 0000 and the Company will send you, for free, either a hard copy or a further electronic copy of the Prospectus, or both. Alternatively, you may obtain a copy of this Prospectus from the Company's website at [www.gageroads.com.au](http://www.gageroads.com.au).

The Company reserves the right not to accept an Application Form from a person if it has reason to believe that when that person was given access to the electronic Application Form, it was not provided together with the electronic Prospectus and any relevant supplementary or replacement prospectus or any of those documents were incomplete or altered.

#### **8.13 Financial forecasts**

The Directors have considered the matters set out in ASIC Regulatory Guide 170 and believe that they do not have a reasonable basis to forecast future earnings on the basis that the operations of the Company are inherently uncertain. Accordingly, any forecast or projection information would contain such a broad range of potential outcomes and possibilities that it is not possible to prepare a reliable best estimate forecast or projection.

#### **8.14 Clearing House Electronic Sub-Register System (CHES) and Issuer Sponsorship**

The Company will not be issuing share certificates. The Company is a participant in CHES, for those investors who have, or wish to have, a sponsoring stockbroker. Investors who do not wish to participate through CHES will be issuer sponsored by the

Company. Because the sub-registers are electronic, ownership of securities can be transferred without having to rely upon paper documentation.

Electronic registers mean that the Company will not be issuing certificates to investors. Instead, investors will be provided with a statement (similar to a bank account statement) that sets out the number of Shares issued to them under this Prospectus. The notice will also advise holders of their Holder Identification Number or Security Holder Reference Number and explain, for future reference, the sale and purchase procedures under CHES and issuer sponsorship.

Further monthly statements will be provided to holders if there have been any changes in their security holding in the Company during the preceding month.

## **8.15 Privacy Act**

If you complete an application for Shares, you will be providing personal information to the Company (directly or by the Company's share registry). The Company collects, holds and will use that information to assess your application, service your needs as a holder of equity securities in the Company, facilitate distribution payments and corporate communications to you as a Shareholder and carry out administration.

The information may also be used from time to time and disclosed to persons inspecting the register, bidders for your securities in the context of takeovers, regulatory bodies, including the Australian Taxation Office, authorised securities brokers, print service providers, mail houses and the Company's share registry.

You can access, correct and update the personal information that we hold about you. Please contact the Company or its share registry if you wish to do so at the relevant contact numbers set out in this Prospectus.

Collection, maintenance and disclosure of certain personal information is governed by legislation including the Privacy Act 1988 (Cth) (as amended), the Corporations Act and certain rules such as the ASX Settlement Operating Rules. You should note that if you do not provide the information required on the application for Shares, the Company may not be able to accept or process your application.

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**9. DIRECTORS' AUTHORISATION**

This Prospectus is issued by the Company and its issue has been authorised by a resolution of the Directors.

In accordance with section 720 of the Corporations Act, each Director has consented to the lodgement of this Prospectus with the ASIC.

  
**Marcel Brandenburg**  
**Company Secretary**  
**For and on behalf of**  
**Gage Roads Brewing Co Ltd**

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10. **GLOSSARY**

**\$** means the lawful currency of the Commonwealth of Australia.

**Annual General Meeting** means the annual general meeting of the Company to be held on 30 September 2016.

**Applicant** means a Shareholder who applies for Shares pursuant to the Offer or a Shareholder or other party who applies for Shortfall Shares pursuant to the Shortfall Offer.

**Application Form** means an Entitlement and Acceptance Form.

**Argonaut** means Argonaut Capital Limited and/or Argonaut Securities Pty Ltd as the context requires.

**ASIC** means the Australian Securities and Investments Commission.

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

**ASX Listing Rules** means the listing rules of the ASX.

**ASX Settlement Operating Rules** means the settlement rules of the securities clearing house which operates CHESS.

**Board** means the board of Directors unless the context indicates otherwise.

**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.

**Closing Date** means the date specified in the timetable set out at the commencement of this Prospectus (unless extended).

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

**Constitution** means the constitution of the Company as at the date of this Prospectus.

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

**Directors** means the directors of the Company as at the date of this Prospectus.

**Entitlement** means the entitlement of a Shareholder who is eligible to participate in the Offer.

**Entitlement and Acceptance Form** means the entitlement and acceptance form either attached to or accompanying this Prospectus.

**Notice of Meeting** means the Notice of Meeting in respect of the Annual General Meeting, a copy of which was released to ASX on 30 August 2016.

**Offer** means the non-renounceable entitlement issue the subject of this Prospectus.

**Official Quotation** means official quotation on ASX.

**Option** means an option to acquire a Share.

**Optionholder** means a holder of an Option.

**Prospectus** means this prospectus.

**Record Date** means the date specified in the timetable set out at the commencement of this Prospectus.

**Related Party Sub-underwriters** means Mr John Hoedemaker, Mr Robert Gould, and Ms Carol Olson.

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

**Shareholder** means a holder of a Share.

**Share Plan** means the Company's Executive and Employee Share Plan.

**Shortfall** or **Shortfall Shares** means the Shares not applied for under the Offer (if any).

**Transaction** has the meaning given in Section 4.1.

**Underwriter** means Argonaut Capital Limited.

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