



5 May 2014

Mr Dale Allen  
ASX Compliance Pty Ltd  
Australian Securities Exchange  
Level 40 Central Park  
152-158 St George's Terrace  
PERTH WA 6000

By email: *Dale.Allen@asx.com.au*

Dear Dale

**Gage Roads Brewing Co Ltd – Response to ASX aware query**

We refer to your letter dated 5 May 2014 and respond as follows:

- 1. Does the Entity consider the Processing Fault and Financial Impact to be information that a reasonable person would expect to have a material effect on the price or value of its securities?**

No, the Company does not consider the "Processing Fault" to be information that a reasonable person would expect to have a material effect on the price or value of its securities.

Yes, the Company does consider the "Financial Impact" to be information that a reasonable person would expect to have a material effect on the price or value of its securities.

- 2. If the answer to question 1 is "no", please advise the basis for that view**

Identifying and minimising processing faults is an on-going and normal function of the brewing process and therefore the Company does not view that a processing fault in and of itself would be information that a reasonable person would expect to have a material effect on the price or value of its securities. Rather it is the quantum of lost production and its "Financial Impact" relating to a processing fault which could, dependant on that quantum, be information that a reasonable person would expect to have a material effect on the price or value of its securities.

- 3. If the answer to question 1 is "yes", when did the Entity first become aware of the Processing Fault? When did it first become aware of the Financial Impact? Please comment specifically with reference to the July to March Production Rate and the Implied Monthly Production Rate.**

The Company became aware of the extent of the volume affected by the "Processing Fault" and the "Financial Impact" on Monday, 29 April 2014. It was determined that the "Processing Fault" had impacted on a quantum of approximately 70,000 cases worth of product and an estimated additional 70,000 cases worth of lost production would be incurred while the products are re-brewed. This total of 140,000 cases worth of lost production amounts to 10% of the "July to

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March Production Rate” and just under the “Implied Monthly Production Rate” as defined in your point 1.3.

4. **If the answer to question 1 is “yes” and the Entity first became aware the Processing Fault or the Financial Impact prior to the release of its Production Interruption Announcement, did the Entity make any announcement prior to the relevant date which disclosed the information? If so, please provide details. If not, please explain why this information was not released to the market at an earlier time, commenting specifically on when you believe the entity was obliged to release the information under Listing Rules 3.1 and 3.1A and what steps the Entity took to ensure that the information was released promptly and without delay.**

Not applicable.

5. **Please confirm that the Entity is in compliance with the Listing Rules and, in particular, Listing Rule 3.1**

The Company confirms it is in compliance with the Listing Rules and, in particular, Listing Rule 3.1.

Yours sincerely,

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

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GAGE ROADS BREWING CO LTD  
ABN 22 103 014 320

14 ABSOLON STREET PALMYRA WESTERN AUSTRALIA 6157 PO BOX 2024 PALMYRA DC WESTERN AUSTRALIA 6961  
TELEPHONE: (08) 9331 2300 FACSIMILE: (08) 9331 2400 EMAIL: [brewery@gageroads.com.au](mailto:brewery@gageroads.com.au) WEB: [www.gageroads.com.au](http://www.gageroads.com.au)



ASX Compliance Pty Limited  
ABN 26 087 780 489  
Level 40 Central Park  
152 – 158 St Georges Terrace  
PERTH WA 6000

GPO Box D187  
Perth WA 6840

Telephone 61 8 9224 0000  
Facsimile 61 8 9221 2020  
[www.asx.com.au](http://www.asx.com.au)

5 May 2014

Mr Marcel Brandenburg  
Company Secretary  
Gage Roads Brewing Limited  
14 Absolon Street  
Palmyra, WA 6157

By email: [marcel@gageroads.com.au](mailto:marcel@gageroads.com.au)

Dear Marcel,

**Gage Roads Brewing Limited (the "Entity"): ASX aware query**

ASX Limited ("ASX") refers to the following:

1. The Entity's announcement entitled *"Production Profile Interruption and Appendix 4C - quarterly"*, lodged with ASX Market Announcements Platform and released at 01:52pm AEST on 28 April 2014 (the "Production Interruption Announcement"), disclosing, amongst other things, the following statements:
  - 1.1 *"A recent processing fault occurred during the commissioning of some remaining items of the new brew house project, which had been delayed until after summer to accommodate the Company's increased production profile. Whilst the cause of the fault has been identified and corrective action is being taken, products manufactured during the period have not met the Company's strict quality assurance standards and will not be released to market."* ("Processing Fault");
  - 1.2 *"The impact is expected to be the loss of approximately 140,000 cartons, representing \$1.12m in gross profit, and with corresponding fixed expenditure unlikely to be recovered, this loss of gross profit will directly impact earnings in the second half of FY14"* ("Financial Impact"); and
  - 1.3 *"Total production volume up on prior year to date 37% to 1.4m carton equivalents"*. ("July to March Production Rate"), implying an average production rate of 155,555 Cartons per month ("Implied Monthly Production Rate").
2. Listing Rule 3.1, which requires a listed entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities.
3. The definition of "aware" in Chapter 19 of the Listing Rules. This definition states that:

*"an entity becomes aware of information if, and as soon as, an officer of the entity (or, in the case of a trust, an officer of the responsible entity) has, or ought reasonably to have, come into possession of the information in the course of the performance of their duties as an officer of that entity."*

Additionally, you should refer to section 4.4 in Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B* “When does an entity become aware of information”.

4. Listing Rule 3.1A, which sets out exceptions from the requirement to make immediate disclosure, provided that each of the following are satisfied.

*“3.1A Listing rule 3.1 does not apply to particular information while each of the following requirements is satisfied in relation to the information:*

*3.1A.1 One or more of the following applies:*

- *It would be a breach of a law to disclose the information;*
- *The information concerns an incomplete proposal or negotiation;*
- *The information comprises matters of supposition or is insufficiently definite to warrant disclosure;*
- *The information is generated for the internal management purposes of the entity; or*
- *The information is a trade secret; and*

*3.1A.2 The information is confidential and ASX has not formed the view that the information has ceased to be confidential; and*

*3.1A.3 A reasonable person would not expect the information to be disclosed.”*

Having regard to the above, we ask that you answer the following questions in a format suitable for release to the market in accordance with Listing Rule 18.7A:

1. Does the Entity consider the Processing Fault and Financial Impact to be information that a reasonable person would expect to have a material effect on the price or value of its securities?
2. If the answer to question 1 is “no”, please advise the basis for that view.
3. If the answer to question 1 is “yes”, when did the Entity first become aware of the Processing Fault? When did it first become aware of the Financial Impact? Please comment specifically with reference to the July to March Production Rate and the Implied Monthly Production Rate.
4. If the answer to question 1 is “yes” and the Entity first became aware the Processing Fault or the Financial Impact prior to the release of its Production Interruption Announcement, did the Entity make any announcement prior to the relevant date which disclosed the information? If so, please provide details. If not, please explain why this information was not released to the market at an earlier time, commenting specifically on when you believe the entity was obliged to release the information under Listing Rules 3.1 and 3.1A and what steps the Entity took to ensure that the information was released promptly and without delay.
5. Please confirm that the Entity is in compliance with the Listing Rules and, in particular, Listing Rule 3.1.

#### **When and where to send your response**

This request is made under, and in accordance with, Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, by not later than half an hour before the start of trading (**i.e. before 7.30 am WST**) on Thursday, 8 May 2014. If we do not have your response by then, ASX will have no choice but to consider suspending trading in the Entity's securities under Listing Rule 17.3.

You should note that if the information requested by this letter is information required to be given to ASX under Listing Rule 3.1 and it does not fall within the exceptions mentioned in Listing Rule 3.1A, the Entity's obligation is to disclose the information “immediately”. This may require the information to be disclosed before the deadline set out in the previous paragraph.

ASX reserves the right to release a copy of this letter and your response on the ASX Market Announcements Platform under Listing Rule 18.7A. Accordingly, your response should be in a form suitable for release to the market.

Your response should be sent to me by e-mail at [tradinghaltsperth@asx.com.au](mailto:tradinghaltsperth@asx.com.au) and [dale.allen@asx.com.au](mailto:dale.allen@asx.com.au) or by facsimile to 61 8 9221 2020. It should not be sent directly to the ASX Market Announcements Office. This is to allow me to review your response to confirm that it is in a form appropriate for release to the market, before it is published on the ASX Market Announcements Platform.

### **Listing Rule 3.1**

Listing Rule 3.1 requires a listed entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities. Exceptions to this requirement are set out in Listing Rule 3.1A.

The obligation of the Entity to disclose information under Listing Rules 3.1 and 3.1A is not confined to, nor is it necessarily satisfied by, answering the questions set out in this letter.

In responding to this letter, you should have regard to the Entity's obligations under Listing Rules 3.1 and 3.1A and also to Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B*.

### **Trading halt**

If you are unable to respond to this letter by the time specified above, you should discuss with us whether it is appropriate to request a trading halt in the Entity's securities under Listing Rule 17.1.

If you wish a trading halt, you must tell us:

- the reasons for the trading halt;
- how long you want the trading halt to last;
- the event you expect to happen that will end the trading halt;
- that you are not aware of any reason why the trading halt should not be granted; and
- any other information necessary to inform the market about the trading halt, or that we ask for.

We may require the request for a trading halt to be in writing. The trading halt cannot extend past the commencement of normal trading on the second day after the day on which it is granted.

You can find further information about trading halts in Guidance Note 16 *Trading Halts & Voluntary Suspensions*.

If you have any queries or concerns about any of the above, please contact me immediately.

Yours sincerely

*[Sent electronically without signature]*

Dale Allen  
**Adviser, Listings Compliance (Perth)**