



ASX ANNOUNCEMENT

31 October 2019

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ABN 22 103 014 320
ASX: GRB

ISSUE OF MILESTONE SHARES YEAR 1 – MATSO’S BROOME BREWING

Gage Roads Brewing Co (“Gage Roads” or “The Company”) (ASX: GRB) has today issued 14,318,615 shares as a performance-based milestone payment in relation to the acquisition of Matso’s Broome Brewing Pty Ltd as announced to the market on 20 September 2018.

Background:

- GRB acquired 100% of the shares of Matso’s Broome Brewing Pty Ltd from the Peirson-Jones family on 20 September 2018.
- Consideration:
 - \$13.25 million cash consideration.
 - Year 1: up to 15,000,000 shares or \$1.2 million cash based on sales volume targets of 2 million Litres per annum
 - Year 2: up to 15,000,000 shares or \$1.2 million cash based on sales volume targets of 2 million Litres per annum
 - Year 3: up to 5,000,000 shares based on sales volume targets of 2.5 million Litres per annum
- The acquisition of Matso’s was the catalyst to the formation of the Good Drinks sales, marketing and distribution platform, transforming the business from a “branded house” to a “house of brands”

Based on actual sales over the first 12 months since the acquisition the vendors are entitled to receive \$1.15 million in either cash or 14,318,615 shares.

The Peirson-Jones family have elected to take up their entitlement in shares in support of the Company’s long-term strategy.

Gage Roads Brewing Co’s Managing Director John Hoedemaker said the family’s decision to invest in Gage Roads highlights the strong performance of the company over the last 12 months and is a vote of confidence in the long-term strategy of Gage Roads Brewing Co and Matso’s.

“This is another significant step in the long-standing relationship between Gage Roads and the Peirson-Jones family and on behalf of the Board of Directors, I welcome them as shareholders of our business.

“Matso’s is an important part of our national portfolio of brands. We look forward to its continued growth and success in the years to come.” said Mr Hoedemaker.

The Peirson-Jones family said they’re pleased with the on-going performance of the brand and are confident in the success of Matso’s as part of the Good Drinks family.

“When Gage Roads acquired Matso’s we were confident in their ability to take the brand forward whilst retaining its authenticity. We’re very supportive of the direction the Good Drinks team has taken the brand and its strategy for the future.

Gage Roads Brewing Co Limited is one of Australia’s leading craft breweries. Since commencing brewing operations in 2004, Gage Roads Brewing Co Limited has been at the forefront of the thriving craft beer industry, producing some of Australia’s most popular beer and cider brands including Alby, Hello Sunshine, Atomic Beer Project, Matso’s Broome Brewery and the Gage Roads range of craft beers.

Gage Roads Brewing Co’s distribution extends across Australia through its national sales and marketing team, Good Drinks Australia, providing its portfolio of award-winning beer and cider to Australia’s leading retailers and hospitality venues.

“We’re excited to become shareholders in Gage Roads Brewing Co and are proud that the Matso’s brand will now grow its national exposure through the Good Drinks platform”.

APPENDIX 3B

Please find attached Appendix 3B relating to the quotation of the shares on the ASX.

NOTICE UNDER SECTION 708A

The Company gives this notice pursuant to Section 708A(5)(e) of the Corporations Act. These securities are part of a class of securities quoted on ASX Limited (ASX). The shares were issued without disclosure to investors under Part 6D.2 of the Corporations Act.

The Company, as at the date of this notice, has complied with:

- a) the provisions of Chapter 2M of the Corporations Act; and
- b) Section 674 of the Corporations Act.

At the date of this notice, there is no excluded information for the purposes of Sections 708A(7) and 708A(8) of the Corporations Act.

- END-

Further information:

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

Appendix 3B

New issue announcement, application for quotation of additional securities and agreement

Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX becomes ASX's property and may be made public.

Introduced 01/07/96 Origin: Appendix 5 Amended 01/07/98, 01/09/99, 01/07/00, 30/09/01, 11/03/02, 01/01/03, 24/10/05, 01/08/12, 04/03/13

Name of entity

Gage Roads Brewing Co Limited

ACN

103 014 320

We (the entity) give ASX the following information

Part 1 - All issues

You must complete the relevant sections (attach sheets if there is not enough space).

1	+Class of +securities issued or to be issued	Ordinary Fully Paid Shares (GRB)
2	Number of +securities issued or to be issued (if known) or maximum number which may be issued	14,318,615
3	Principle terms of the +securities (e.g. if options, exercise price and expiry date; if partly paid +securities, the amount outstanding and due dates for payment; if +convertible securities, the conversion price and dates for conversion)	Ordinary Fully Paid Shares (GRB)

+ See chapter 19 for defined terms.

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4	<p>Do the +securities rank equally in all respects from the +issue date with an existing +class of quoted +securities?</p> <p>If the additional +securities do not rank equally, please state:</p> <ul style="list-style-type: none"> the date from which they do the extent to which they participate for the next dividend, (in the case of a trust distribution) or interest payment the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment 	YES
5	Issue price or consideration	\$0.08 per share as part consideration for the acquisition of Matso's Broome Brewing Pty Ltd
6	Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)	Milestone payment relating to the acquisition of Matso's Broome Brewing Pty Ltd
6a	<p>Is the entity an +eligible entity that has obtained security holder approval under rule 7.1A?</p> <p>If yes complete sections 6b - 6h <i>in relation to the +securities the subject of this Appendix 3B</i>, and comply with section 6i</p>	YES
6b	The date the security holder resolution under rule 7.1A was passed	28 November 2018
6c	Number of +securities issued without security holder approval under rule 7.1	14,318,615
6d	Number of +securities issued with security holder approval under rule 7.1A	N/A
6e	Number of +securities issued with security holder approval under rule 7.3, or another specific security holder approval (specify date of meeting)	N/A

+ See chapter 19 for defined terms.

6f	Number of +securities issued under an exception in rule 7.2	N/A				
6g	If +securities issued under rule 7.1A, was issue price at least 75% of 15 day VWAP as calculated under rule 7.1A.3? Include the +issue date and both values. Include the source of the VWAP calculation.	N/A				
6h	If +securities were issued under rule 7.1A for non-cash consideration, state date on which valuation of consideration was released to ASX Market Announcements	N/A				
6i	Calculate the entity's remaining issue capacity under rule 7.1 and rule 7.1A - complete Annexure 1 and release to ASX Market Announcements	Remaining issue capacity under rule 7.1 57,027,957 Remaining issue capacity under rule 7.1A 103,704,732				
7	+Issue dates Note: The issue date may be prescribed by ASX (refer to the definition of issue date in rule 19.12). For example, the issue date for a pro rata entitlement issue must comply with the applicable timetable in Appendix 7A. Cross reference: item 33 of Appendix 3B.	31 October 2019				
8	Number and +class of all +securities quoted on ASX (including the +securities in section 2 if applicable)	<table><tr><th>Number</th><th>+Class</th></tr><tr><td>1,135,576,463</td><td>ORDINARY FULLY PAID SHARES</td></tr></table>	Number	+Class	1,135,576,463	ORDINARY FULLY PAID SHARES
Number	+Class					
1,135,576,463	ORDINARY FULLY PAID SHARES					
9	Number and +class of all +securities not quoted on ASX (including the +securities in section 2 if applicable)	<table><tr><th>Number</th><th>+Class</th></tr><tr><td></td><td></td></tr></table>	Number	+Class		
Number	+Class					
10	Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)	None				

Part 2 - Pro rata issue

11	Is security holder approval required?	N/A
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12	Is the issue renounceable or non-renounceable?	N/A
13	Ratio in which the +securities will be offered	N/A
14	+Class of +securities to which the offer relates	N/A
15	+Record date to determine entitlements	N/A
16	Will holdings on different registers (or subregisters) be aggregated for calculating entitlements?	N/A
17	Policy for deciding entitlements in relation to fractions	N/A
18	Names of countries in which the entity has security holders who will not be sent new offer documents <small>Note: Security holders must be told how their entitlements are to be dealt with. Cross reference: rule 7.7.</small>	N/A
19	Closing date for receipt of acceptances or renunciations	N/A
20	Names of any underwriters	N/A
21	Amount of any underwriting fee or commission	N/A
22	Names of any brokers to the issue	N/A
23	Fee or commission payable to the broker to the issue	N/A
24	Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of security holders	N/A

+ See chapter 19 for defined terms.

25	If the issue is contingent on security holders' approval, the date of the meeting	N/A
26	Date entitlement and acceptance form and offer documents will be sent to persons entitled	N/A
27	If the entity has issued options, and the terms entitle option holders to participate on exercise, the date on which notices will be sent to option holders	N/A
28	Date rights trading will begin (if applicable)	N/A
29	Date rights trading will end (if applicable)	N/A
30	How do security holders sell their entitlements in <i>full through</i> a broker?	N/A
31	How do security holders sell <i>part</i> of their entitlements through a broker and accept for the balance?	N/A
32	How do security holders dispose of their entitlements (except by sale through a broker)?	N/A
33	+Issue date	N/A

Part 3 - Quotation of securities

You need only complete this section if you are applying for quotation of securities

34 Type of +securities
(tick one)

(a) ☒ +Securities described in Part 1

(b) ☐ All other +securities

Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid, employee incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities

+ See chapter 19 for defined terms.

Entities that have ticked box 34(a)

Additional securities forming a new class of securities

Tick to indicate you are providing the information or documents

- 35 ☐ If the +securities are +equity securities, the names of the 20 largest holders of the additional +securities, and the number and percentage of additional +securities held by those holders
- 36 ☐ If the +securities are +equity securities, a distribution schedule of the additional +securities setting out the number of holders in the categories
1 - 1,000
1,001 - 5,000
5,001 - 10,000
10,001 - 100,000
100,001 and over
- 37 ☐ A copy of any trust deed for the additional +securities

Entities that have ticked box 34(b)

- | | | |
|----|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----|
| 38 | Number of +securities for which +quotation is sought | N/A |
| 39 | +Class of +securities for which quotation is sought | N/A |
| 40 | <p>Do the +securities rank equally in all respects from the +issue date with an existing +class of quoted +securities?</p> <p>If the additional +securities do not rank equally, please state:</p> <ul style="list-style-type: none">• the date from which they do• the extent to which they participate for the next dividend, (in the case of a trust distribution) or interest payment• the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment | N/A |

+ See chapter 19 for defined terms.

41 Reason for request for quotation now

Example: In the case of restricted securities, end of restriction period

(if issued upon conversion of another +security, clearly identify that other +security)

N/A

42 Number and +class of all +securities quoted on ASX (including the +securities in clause 38)

Number	+Class

+ See chapter 19 for defined terms.

Quotation agreement

- 1 +Quotation of our additional +securities is in ASX's absolute discretion. ASX may quote the +securities on any conditions it decides.
- 2 We warrant the following to ASX.
 - The issue of the +securities to be quoted complies with the law and is not for an illegal purpose.
 - There is no reason why those +securities should not be granted +quotation.
 - An offer of the +securities for sale within 12 months after their issue will not require disclosure under section 707(3) or section 1012C(6) of the Corporations Act.

Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty
 - Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any +securities to be quoted and that no-one has any right to return any +securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request that the +securities be quoted.
 - If we are a trust, we warrant that no person has the right to return the +securities to be quoted under section 1019B of the Corporations Act at the time that we request that the +securities be quoted.
- 3 We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.
- 4 We give ASX the information and documents required by this form. If any information or document is not available now, we will give it to ASX before +quotation of the +securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.

Sign here: Digitally Signed
(Director/Company Secretary)

Date: 31 October 2019

Print name: Mr Marcel Brandenburg

+ See chapter 19 for defined terms.

Appendix 3B – Annexure 1

Calculation of placement capacity under rule 7.1 and rule 7.1A for eligible entities

Introduced 01/08/12 Amended 04/03/13

Part 1

Rule 7.1 - Issues exceeding 15% of capital	
Step 1: Calculate “A”, the base figure from which the placement capacity is calculated	
Insert number of fully paid +ordinary securities on issue 12 months before the +issue date or date of agreement to issue	1,011,556,217
Add the following: <ul style="list-style-type: none"> Number of fully paid +ordinary securities issued in that 12 month period under an exception in rule 7.2 Number of fully paid +ordinary securities issued in that 12 month period with shareholder approval Number of partly paid +ordinary securities that became fully paid in that 12 month period Note: <ul style="list-style-type: none"> Include only ordinary securities here – other classes of equity securities cannot be added Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed It may be useful to set out issues of securities on different dates as separate line items 	01 March 2019; 19,500,000; EMPLOYEE SHARE SCHEME 18 June 2019; 3,000,000; EMPLOYEE SHARE SCHEME 11 October 2019; 15,000,000; ORDINARY FULLY PAID SHARES
Subtract the number of fully paid +ordinary securities cancelled during that 12 month period	18 April 2019; (12,008,895); EMPLOYEE SHARE SCHEME
“A”	1,037,047,322
Step 2: Calculate 15% of “A”	

+ See chapter 19 for defined terms.

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“B”	0.15 <i>[Note: this value cannot be changed]</i>
Multiply “A” by 0.15	155,557,098
Step 3: Calculate “C”, the amount of placement capacity under rule 7.1 that has already been used	
<p>Insert number of +equity securities issued or agreed to be issued in that 12 month period not counting those issued:</p> <ul style="list-style-type: none"> • Under an exception in rule 7.2 • Under rule 7.1A • With security holder approval under rule 7.1 or rule 7.4 <p>Note:</p> <ul style="list-style-type: none"> • This applies to equity securities, unless specifically excluded – not just ordinary securities • Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed • It may be useful to set out issues of securities on different dates as separate line items 	<p>24 April 2019; 84,210,526; ORDINARY FULLY PAID SHARES</p> <p>31 October 2019; 14,318,615; ORDINARY FULLY PAID SHARES</p>
“C”	98,529,141
Step 4: Subtract “C” from [“A” x “B”] to calculate remaining placement capacity under rule 7.1	
<p>“A” x 0.15</p> <p><i>Note: number must be same as shown in Step 2</i></p>	155,557,098
<p>Subtract “C”</p> <p><i>Note: number must be same as shown in Step 3</i></p>	98,529,141
Total [“A” x 0.15] – “C”	<p>57,027,957</p> <p><i>[Note: this is the remaining placement capacity under rule 7.1]</i></p>

+ See chapter 19 for defined terms.

Part 2

Rule 7.1A – Additional placement capacity for eligible entities	
Step 1: Calculate “A”, the base figure from which the placement capacity is calculated	
“A” Note: number must be same as shown in Step 1 of Part 1	1,037,047,322
Step 2: Calculate 10% of “A”	
“D”	0.10 <i>Note: this value cannot be changed</i>
Multiply “A” by 0.10	103,704,732
Step 3: Calculate “E”, the amount of placement capacity under rule 7.1A that has already been used	
Insert number of +equity securities issued or agreed to be issued in that 12 month period under rule 7.1A Notes: <ul style="list-style-type: none"> • This applies to equity securities – not just ordinary securities • Include here – if applicable – the securities the subject of the Appendix 3B to which this form is annexed • Do not include equity securities issued under rule 7.1 (they must be dealt with in Part 1), or for which specific security holder approval has been obtained • It may be useful to set out issues of securities on different dates as separate line items 	N/A
“E”	NIL
Step 4: Subtract “E” from [“A” x “D”] to calculate remaining placement capacity under rule 7.1A	
“A” x 0.10 Note: number must be same as shown in Step 2	103,704,732

+ See chapter 19 for defined terms.

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Subtract “E” <i>Note: number must be same as shown in Step 3</i>	NIL
Total [“A” x 0.10] – “E”	103,704,732 <i>Note: this is the remaining placement capacity under rule 7.1A</i>

+ See chapter 19 for defined terms.