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Media Release**

### **Gage Roads Invests in Future Confident of Achieving Profitability in 2009**

**Gage Roads Brewing Co Ltd (ASX: GRB)** today released its full year report for the year ending 30 June 2008.

For the 2008 financial year Gage Roads posted a net loss after tax of \$3.62 million compared to \$3.07 million in 2007, reflecting increased marketing and personnel expenditure against a background of flat sales growth.

Gage Roads' Chief Executive Officer Nick Hayler said that while the result was disappointing, the Company is well positioned for the future.

"The loss, while disappointing, is a reflection of the investment we have made in the future of this business," he said.

"We have implemented a number of changes during the year which were essential to increasing future sales momentum and securing the future of the Company. We believe the positive impact of those changes will be seen over the coming months."

The 2008 financial year was an important year in terms of Gage Roads' strategy and consolidation. Following a number of key developments, the Company starts 2009 in a significantly stronger position for growth.

With a broader product range, refreshed branding for existing labels, an improved distribution channel leading to increased sales and a new management team, the Company is confident it will become profitable by the end of 2009.

In addition to an improved financial outlook, shareholders and investors in the Company will benefit from reduced capital markets competition in the craft brewing sector through two ASX listed brewing companies recently announcing their intention to sell their brewery assets.

Gage Roads' disciplined business model – with established brewing infrastructure and direct national routes to market – distinguishes it from those ASX listed peers.

The Company's improved outlook has coincided with the appointment of Nick Hayler as Chief Executive Officer in October 2007. Nick and his team have been responsible for driving a new marketing direction, strategic planning, capital raising activities and a reinigorated culture in the business.

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AUSTRALIA'S CRAFT BREWERY

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Under his leadership, Gage Roads is committed and accountable to a new strategic plan focused on boosting shareholder value through increased market share and profitability by December 2009.

Despite the challenging capital markets conditions since Gage Roads listed in 2006, Nick believes the future for the Company and the industry looks far brighter.

"Gage Roads has executed a strategy to tackle the challenging market place and adapt through new brands, contract brewing, better distribution channels, and a total focus on quality," he said.

"It has been unfortunate to watch the demise of some of our competitors but it has been testament to our business model and marketing plans that we remain extremely optimistic for the future, having undertaken a capital raising program and secured a premium distribution channel."

Nick said the catalyst for the improved outlook was executing a binding, long-term distribution agreement with VOK Beverages, which replaced the former agreement with Constellation Wines Australia.

In addition to the distribution agreement, VOK has also agreed to take a \$2 million cornerstone investment in Gage Roads by way of a convertible note facility. The convertible note, which is subject to shareholder approval, will provide \$2 million in funding to Gage Roads over the next 2 years.

"In the few months since the commencement of our relationship with VOK, they have proven to be a targeted and results-driven distribution partner, delivering a July 2008 sales into trade result that is our best ever," Nick said.

Early in 2008 the Board determined that an additional \$4.1 million was required for working capital. During the year, Gage Roads successfully raised \$1.5 million through a 1 for 1 Entitlements Issue which, when combined with the convertible note agreement with VOK, provides the Company with a total of \$3.5 million out of the \$4.1 million target.

The Company is in discussion with a number of parties in relation to the placement of the remaining sum of \$600,000.

During the year Gage Roads accelerated a new product development strategy with the first of the new products Wahoo Premium Ale, successfully released in late April this year. In the coming quarter, the Company intends to launch a low carbohydrate beer as well as two ciders.

Nick said that with a new strategy firmly in place, the future for Gage Roads now looks bright.

"With a clear and focussed path to profitability I am encouraged about the outlook for 2009 and beyond," Nick said.



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