



20 May 2009

Elizabeth Harris  
Senior Adviser, Issuers (Perth)  
ASX Limited  
Level 8, Exchange Plaza  
2 The Esplanade  
PERTH WA 6000

Dear Ms Harris,

#### **RESPONSE TO QUERIES**

We refer to your letter dated 13 May 2009 regarding the quarterly report of Gage Roads Brewing Co Limited (**Company**) for the period ending 31 March 2009. Please find below the Company's responses to ASX's as set out in that letter:

1. Is it possible to conclude on the basis of the information provided that if the Company were to continue to expend cash at the rate for the quarter indicated by the Appendix 4C, the Company may not have sufficient cash to fund its activities? Is this the case, or are there other factors that should be taken into account in accessing the Company's position?

*The Company refers to its ASX announcement of 15 May 2009 regarding the agreement with Woolworths Limited pursuant to which Woolworths has agreed, subject to the satisfaction of certain conditions, to:*

- (a) *subscribe for 76,410,890 fully paid ordinary shares in the Company at a maximum issue price of 2.5 cents per share to raise a minimum of \$1,237,856.42 and up to an additional \$672,415 if certain taxation conditions are satisfied; and*
- (b) *purchase a minimum of 350,000 cases of beer per annum from the Company.*

*On this basis, the Company considers that it will have sufficient cash to fund its future activities upon the completion of this agreement. The Company is not aware of any reason why this agreement would not become unconditional.*

AUSTRALIA'S CRAFT BREWERY

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)

2. Does the Company expect that in the future it will have negative operating cash flows similar to that reported in the Appendix 4C for the quarter and, if so, what steps has it taken to ensure that it has sufficient funds in order to continue its operations at that rate?

*Upon the completion of the agreement and commencement of contract brewing referred to in paragraph (1), the Company does not expect to have negative cash flows similar to that reported in the Appendix 4C and the Company considers that it will have sufficient funds to fund its future activities.*

3. What steps has the Company taken, or what steps does it propose to take, to enable it to continue to meet its business objectives?

*Refer to the Company's ASX announcement of 15 May 2009 and the responses to questions (1) and (2).*

4. Can the Company confirm that it is in compliance with the listing rules, and in particular, Listing Rule 3.1?

*The Company confirms that it is in compliance with the listing rules, and in particular, listing rule 3.1.*

5. Please comment on the Company's compliance with Listing Rule 12.2, with reference to the matters discussed in the note to the rule.

*The Company considers that it is currently in compliance with listing rule 12.2.*

Yours faithfully



John Hoedemaker  
Company Secretary  
Gage Roads Brewing Co Ltd  
Tel: (08) 9331 2300

**ASX**

AUSTRALIAN SECURITIES EXCHANGE

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13 May 2009

Mr John Hoedemaker  
Company Secretary  
Gage Roads Brewing Co Ltd  
14 Absolon Street  
PALMYRA WA 6157

By Facsimile: 9331 2400

Dear John,

**Gage Roads Brewing Co. Limited (the "Company")**

I refer to the Company's Quarterly Report in the form of Appendix 4C for the period ended 31 March 2009, released to ASX Limited ("ASX") on 30 April 2009, (the "Appendix 4C").

ASX notes that the Company has reported the following.

1. Receipts from customers of \$525,000
2. Net negative operating cash flows for the quarter of \$522,000.
3. Cash at end of the quarter of \$873,000.

In light of the information contained in the Appendix 4C, please respond to each of the following questions.

1. It is possible to conclude on the basis of the information provided that if the Company were to continue to expend cash at the rate for the quarter indicated by the Appendix 4C, the Company may not have sufficient cash to fund its activities? Is this the case, or are there other factors that should be taken into account in assessing the Company's position?
2. Does the Company expect that in the future it will have negative operating cash flows similar to that reported in the Appendix 4C for the quarter and, if so, what steps has it taken to ensure that it has sufficient funds in order to continue its operations at that rate?
3. What steps has the Company taken, or what steps does it propose to take, to enable it to continue to meet its business objectives?
4. Can the Company confirm that it is in compliance with the listing rules, and in particular, listing rule 3.1?
5. Please comment on the Company's compliance with listing rule 12.2, with reference to the matters discussed in the note to the rule.

**Listing rule 3.1**

Listing rule 3.1 requires an 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. The exceptions to this requirement are set out in the rule.

In responding to this letter you should consult listing rule 3.1 and the guidance note titled "Continuous disclosure: listing rule 3.1".

If the information requested by this letter is information required to be given to ASX under listing rule 3.1 your obligation is to disclose the information immediately.

Your responsibility under listing rule 3.1 is not confined to, or necessarily satisfied by, answering the questions set out in this letter.

This letter and your response will be released to the market. If you have any concerns about your response being released, please contact me immediately. Your response should be sent to me on facsimile number 9221 2020. It should not be sent to the Company Announcements Office.

Unless the information is required immediately under listing rule 3.1, a response is requested as soon as possible and, in any event, not later than 4.00 p.m. W.S.T. on Wednesday, 20 May 2009.

If you are unable to respond by the time requested you should consider a request for a trading halt in the Company's securities.

If you have any queries regarding any of the above, please contact me on 9224 0011.

Yours sincerely,



Elizabeth Harris  
**Senior Adviser, Issuers (Perth)**