



15 June 2011

Company Announcements Office
Australian Stock Exchange
Exchange Centre
20 Bridge Street
SYDNEY NSW 2000

Highlights

- **Gage Roads to spend \$9.6 million over the next 4 years to expand existing production capacity by 140% from 1.2 million cases to 2.9 million cases per annum.**
- **Gage Roads finalising negotiations with the ANZ and Woolworths to extend the term of the existing \$4.2 million credit facility and increase the facility limit by \$5.5 million to \$9.7 million (guaranteed by Woolworths).**
- **The \$5.5 million increase in the credit facility will be applied towards the \$9.6 million expansion, with the balance of funds required being met from ongoing operating surpluses.**

Gage Roads Brewing Co Ltd (ASX: GRB) is pleased to announce that the Company is finalising the terms of an agreement with the ANZ Banking Group Limited and Woolworths Limited to extend the term of the current \$4.2 million credit facility and to increase the limit of the facility by \$5.5 million to \$9.7 million. The facility is to be secured by Company assets and a guarantee from Woolworths Limited.

The Company intends to apply the funds raised from the refinancing of the facility as follows:

Item	Amount (\$)
Refinance and term extension of existing balance	4.2 million
Facility increase applied to partially fund \$9.6 million expansion	5.5 million
Total Facility Limit	9.7 million

The existing \$4.2 million facility was secured to fund the recently completed capital expansion program and has been successful in increasing the Company's production capacity from 350,000 cases to 1.2 million cases per annum.

The \$5.5 million increase in the facility limit will be used to partly fund a \$9.6 million, 4 year capital expansion program of the existing Palmyra (WA) based production facility

AUSTRALIA'S CRAFT BREWERY

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commencing July 2011 and concluding 30 June 2015, with the balance of funds required being met from ongoing operating surpluses.

The 4 year capital expansion program is designed to take the Company's production capacity to 2.9 million cases of beer, cider and other beverages per annum by FY15, creating the capacity required to fulfill the projected demand from its contract brewing customers and the anticipated growth of the Company's proprietary brands. The Company has engaged the services of highly qualified brewing and packaging process engineers from around Australia to design and implement the expansion of the brewery and packaging line with a focus on delivering the efficiencies required while maintaining the highest standard of beer production possible.

A key benefit of the capital expansion program is the expected improvement in the overall manufacturing efficiency and profitability of the Company's brewing and packaging operations. Specific improvements expected to be realised over the 4 year timeframe include improved direct raw material utilisation, reductions in variable production costs and reductions in packaging and brewery labour costs per case.

Procurement of plant and equipment for the expansion project has begun to ensure a first stage completion date of November 2011 is met. This increased capacity will meet the anticipated 2011/2012 summer demand for both contract brewed products and Gage Roads' own brands. The strong growth in demand for Woolworths' contract brewed products has been a major contributing factor in the Board's decision to embark on this expansion program.

An announcement regarding the outcome of the refinancing negotiations will be provided in due course.

-ENDS-

For further information please contact:

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