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**GAGE ROADS BREWING CO LIMITED**

**ACN 103 014 320**

**NOTICE OF ANNUAL GENERAL MEETING**

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**TIME:** 4:00 pm (WST)

**DATE:** 29 September 2011

**PLACE:** 14 Absolon Street, Palmyra, Western Australia

*This Notice of Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisers prior to voting.*

*Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary on (+61 8) 9331 2300.*

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**TIME AND PLACE OF MEETING AND HOW TO VOTE**

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**VENUE**

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The Annual General Meeting of the Shareholders to which this Notice of Meeting relates will be held at 4:00 pm (WST) on 29 September 2011 at 14 Absolon Street, Palmyra, Western Australia.

**YOUR VOTE IS IMPORTANT**

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The business of the Annual General Meeting affects your shareholding and your vote is important.

**VOTING IN PERSON**

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To vote in person, attend the Annual General Meeting on the date and at the place set out above.

**VOTING BY PROXY**

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To vote by proxy, please complete and sign the enclosed Proxy Form and return by the time and in accordance with the instructions set out on the Proxy Form.

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## NOTICE OF GENERAL MEETING

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Notice is given that the Annual General Meeting of Shareholders will be held at 4:00 pm (WST) on 29 September 2011 at 14 Absolon Street, Palmyra, Western Australia.

The Explanatory Statement to this Notice of Meeting provides additional information on matters to be considered at the Annual General Meeting. The Explanatory Statement and the Proxy Form are part of this Notice of Meeting.

The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Annual General Meeting are those who are registered Shareholders at 4.00 pm (WST) on 27 September 2011.

Terms and abbreviations used in this Notice of Meeting and Explanatory Statement are defined in the Glossary.

## AGENDA

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### ORDINARY BUSINESS

#### Financial Statements and Reports

To receive and consider the annual financial report of the Company for the financial year ended 30 June 2011 together with the declaration of the directors, the directors' report, the remuneration report and the auditor's report.

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#### 1. RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

To consider and, if thought fit, to pass, with or without amendment, the following resolution as a **non-binding resolution**:

*“That, for the purpose of Section 250R(2) of the Corporations Act and for all other purposes, approval is given for the adoption of the remuneration report as contained in the Company's annual financial report for the financial year ended 30 June 2011.”*

**Voting Exclusion:** The Company will disregard any votes cast on this Resolution by Key Management Personnel or their Closely Related Parties. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form.

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#### 2. RESOLUTION 2 – RE-ELECTION OF DIRECTOR – IAN OLSON

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*“That, for the purpose of clause 13.2 of the Constitution and for all other purposes, Mr Ian Olson, a Director, retires by rotation, and being eligible, is re-elected as a Director.”*

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#### 3. RESOLUTION 3 – RE-ELECTION OF DIRECTOR – STEVEN GREENTREE

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*“That, for the purpose of clause 13.2 of the Constitution and for all other purposes, Mr Steven Greentree, a Director, retires by rotation, and being eligible, is re-elected as a Director.”*

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**4. RESOLUTION 4 – APPROVAL OF EXECUTIVE AND EMPLOYEE SHARE PLAN**

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*“That, for the purpose of ASX Listing Rule 7.2 Exception 9 and for all other purposes, approval is given for the establishment of an Executive and Employee Share Plan, and the issue and allotment of ordinary shares to eligible participants in the Executive and Employee Share Plan as an exception to ASX Listing Rule 7.1 and on the terms and conditions described in the Explanatory Statement accompanying and forming part of this Notice of Annual General Meeting.”*

**Voting Exclusion:** *The Company will disregard any votes cast on this Resolution by a Director of the Company (except one who is ineligible to participate in any employee incentive scheme in relation to the Company) and any of their associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote in accordance with the directions on the Proxy Form or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.*

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**5. RESOLUTION 5 – ISSUE OF SHARES TO MR JOHN HOEDEMAKER UNDER THE EXECUTIVE AND EMPLOYEE SHARE PLAN AND GRANT OF AN INTEREST FREE LOAN**

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*“That, subject to the approval of Resolution 1, for the purposes of ASX Listing Rule 10.14 and for all other purposes, approval is given for the Directors to issue and allot 10,000,000 Shares to Mr John Hoedemaker or his nominee under the Executive and Employee Share Plan and to grant an interest free loan in relation to the subscription price of the Shares on the terms and conditions set out in the Explanatory Statement”.*

**Voting Exclusion:** *The Company will disregard any votes cast on this Resolution by a Director of the Company (except one who is ineligible to participate in any employee incentive scheme in relation to the Company) and any of their associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote in accordance with the directions on the Proxy Form or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.*

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**6. RESOLUTION 6 – ISSUE OF SHARES TO MR WILLEM HOEDEMAKER UNDER THE EXECUTIVE AND EMPLOYEE SHARE PLAN AND GRANT OF AN INTEREST FREE LOAN**

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*“That, subject to the approval of Resolution 1, for the purposes of ASX Listing Rule 10.14 and for all other purposes, approval is given for the Directors to issue and allot 6,000,000 Shares to Mr Willem Hoedemaker or his nominee under the Executive and Employee Share Plan and to grant an interest free loan in relation to the subscription price of the Shares on the terms and conditions set out in the Explanatory Statement”.*

*Voting Exclusion: The Company will disregard any votes cast on this Resolution by a Director of the Company (except one who is ineligible to participate in any employee incentive scheme in relation to the Company) and any of their associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote in accordance with the directions on the Proxy Form or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.*

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**DATED: 29 AUGUST 2011**  
**BY ORDER OF THE BOARD**

A handwritten signature in black ink, appearing to read 'John Hoedemaker', written in a cursive style.

**MR JOHN HOEDEMAKER**  
**GAGE ROADS BREWING CO LIMITED**  
**MANAGING DIRECTOR**

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## EXPLANATORY STATEMENT

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This Explanatory Statement has been prepared for the information of the Shareholders in connection with the business to be conducted at the Annual General Meeting to be held at 4:00 pm (WST) on 29 September 2011 at 14 Absolon Street, Palmyra, Western Australia.

The purpose of this Explanatory Statement is to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions in the Notice of Meeting.

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### 1. FINANCIAL STATEMENTS AND REPORTS

In accordance with the Constitution, the business of the Annual General Meeting will include receipt and consideration of the annual financial report of the Company for the financial year ended 30 June 2011 together with the declaration of the directors, the directors' report, the remuneration report and the auditor's report.

The Company will not provide a hard copy of the Company's annual financial report to Shareholders unless specifically requested to do so. The Company's annual financial report is available on its website at [www.gageroads.com.au](http://www.gageroads.com.au).

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### 2. RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

The Remuneration Report is set out in the Directors Report of the Company's 2011 Annual Report. The Remuneration Report sets out the Company's remuneration arrangements for the Directors of the Company.

Section 250R(2) of the Corporations Act 2001 requires that a resolution to adopt the remuneration report be put to the vote of the Company at the Annual General Meeting. However, Shareholders should note that the vote on Resolution 1 is advisory only and is not binding on the Company or its Directors.

Shareholders should also note that the Federal government has recently introduced the *Corporations Amendment (Improving Accountability on Director and Executive Remuneration) Act 2011 (Cth) (Act)*, which came into effect on 1 July 2011. This Act amends the Corporations Act to include new provisions relating to directors' appointment and remuneration matters and proxy voting. This Notice of Meeting does not propose to include details of all of these changes, and will only mention the changes relevant to this Notice of Meeting.

#### **Remuneration report - Two Strike Rule**

From 1 July 2011, the Act introduces new Sections 250U to 250Y, among others, into the Corporations Act, giving shareholders the opportunity to spill a company's board of directors (**Board Spill**) if the resolution to approve the company's remuneration report receives "no" votes of 25% or more at two successive annual general meetings of the company (**AGM**) (known as the **Two Strikes Rule**). The first Board Spill could potentially occur at a company's 2012 AGM.

A summary of the process of the Two Strikes Rule as it applies to the Company is as follows:

- (a) If a "no" vote of 25% or more is cast on Resolution 1 to adopt the remuneration report, the subsequent remuneration report in 2012 must

outline the board's proposed action in response to the "no" vote (or state the reasons for any inaction);

- (b) If a "no" vote of 25% or more is subsequently cast on the resolution to adopt the remuneration report at the 2012 AGM (the Second AGM), the Shareholders must then vote at the Second AGM on a resolution (known as the Spill Resolution) that a general meeting be convened to consider the election of certain directors (the Spill Meeting);
- (c) If the Spill Resolution is carried by ordinary majority (more than 50% of those present and voting at the Second AGM), then the Spill Meeting must be held within 90 days. All directors who were directors "when the resolution to make the directors' report [which includes the remuneration report] considered at the Second AGM was passed" (other than the managing director who is permitted to hold office indefinitely without being re-elected under the ASX Listing Rules) would cease to hold office immediately before the end of the Spill Meeting;
- (d) Resolutions to appoint persons to offices that will be vacated immediately before the end of the Spill Meeting will be put to the vote at the Spill Meeting. If a director is re-appointed at the Spill Meeting, the appointment continues as if uninterrupted;
- (e) The Spill Meeting need not be held if none of the directors being spilled remains in office at the end of the 90 day period;
- (f) The Act seeks to avoid a complete Board Spill by ensuring that there are at least three directors following a Spill Meeting. These three positions will be occupied by:
  - (i) the managing director; and
  - (ii) the two people who receive the highest proportion of votes in favour of their appointment at the Spill Meeting (even if less than 50% of the votes cast on their election are in favour of their re-appointment). If two or more individuals have the same proportion of votes, the managing director and any re-elected director have the power to choose which individual will be re-appointed, subject to confirmation at the following AGM; and
- (g) The Act also contains a re-setting mechanism so that a Spill Resolution could only be considered by Shareholders at every second AGM. However, a remuneration report must outline the Board's proposed action in response to comments made by shareholders on the preceding remuneration report if that earlier document received a "strike", that is 25% or more of the votes cast were against adoption of the earlier remuneration report.

A reasonable opportunity will be provided for discussion of the Remuneration Report at the Annual General Meeting.

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### 3. RESOLUTIONS 2 AND 3 – RE-ELECTION OF DIRECTORS

Clause 13.2 of the Constitution requires that at the Company's annual general meeting in every year, one-third of the Directors for the time being, or, if their number is not a multiple of 3, then the number nearest one-third (rounded upwards in case of doubt), shall retire from office, provided always that no Director (except

a Managing Director) shall hold office for a period in excess of 3 years, or until the third annual general meeting following his or her appointment, whichever is the longer, without submitting himself or herself for re-election.

The Directors to retire at an annual general meeting are those who have been longest in office since their last election, but, as between persons who became Directors on the same day, those to retire shall (unless they otherwise agree among themselves) be determined by drawing lots.

A Director who retires by rotation under clause 13.2 of the Constitution is eligible for re-election.

The Company currently has five Directors and accordingly two must retire.

Messrs Ian Olson and Steven Greentree, the Directors longest in office since their last election, retire by rotation and seek re-election.

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#### 4. **RESOLUTION 4 – APPROVAL OF EXECUTIVE AND EMPLOYEE SHARE PLAN**

Resolution 4 seeks shareholder approval for the Executive and Employee Share Plan (**Plan**).

The main terms of the Plan are summarised in Schedule A of this Notice of Meeting.

Shares to be issued pursuant to this Plan (**Incentive Shares**) are for services rendered by eligible employees and Directors to date and, going forward, for services rendered by existing and any new eligible employees and Directors who are appointed in the future. The Company feels that incentive shares are effective consideration to eligible employees and Directors for their ongoing commitment and contribution to the Company.

Where the Company offers to issue Incentive Shares to a Director, the Company may offer to provide the Director a limited recourse, interest free loan to be used for the purposes of subscribing for the Incentive Shares in the Company.

The issue price of Incentive Shares will be determined by the Company but must not be less than the market value being the volume weighted average price at which Shares were traded on the ASX over the 5 trading days up to and including the date a director accepts an offer of Incentive Shares.

The issue of any Incentive Shares to Directors or related parties requires separate Shareholder approval, as sought in Resolutions 5 and 6 below.

Resolution 4 is an ordinary resolution requiring it to be passed by a simple majority of the votes cast by shareholders entitled to vote on it.

Resolution 4 seeks Shareholder approval under exception 9(b) of ASX Listing Rule 7.2 to allow the issue of Incentive Shares under the Plan as an exception to ASX Listing Rule 7.1.

ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue more equity securities during any 12 month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period.

Exception 9(b) of ASX Listing Rule 7.2 provides that a company may make an issue of securities under an employee incentive scheme (such as the Plan) as an



exception to ASX Listing Rule 7.1 if, within three years before the date of issue, holders of ordinary securities in the company have approved the issue of securities under the scheme as an exception to ASX Listing Rule 7.1.

If Resolution 4 is passed, the Company will have the ability to issue Incentive Shares to eligible participants under the Plan over a period of three years without impacting on the Company's 15% placement capacity under ASX Listing Rule 7.1.

The following information is provided to satisfy the requirements of the ASX Listing Rules:

- (a) no Incentive Shares have been issued under the Plan since the date of its adoption by the Board on 16 August 2011; and
- (b) the main terms of the Plan are summarised in Schedule A and a full copy of the Plan rules is available for inspection at the Company's registered office until the date of the Annual General Meeting.

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## 5. RESOLUTIONS 5 AND 6 – ISSUES OF SHARES TO DIRECTORS UNDER THE EXECUTIVE AND EMPLOYEE SHARE PLAN

The Company has agreed, subject to obtaining Shareholder approval, to issue Incentive Shares under the Company's Executive and Employee Share Plan to Directors John Hoedemaker and Willem Hoedemaker or their nominated associates (**Related Parties**).

### 5.1 Background

The primary purpose of the issue of Incentive Shares to Directors John Hoedemaker and Willem Hoedemaker is to provide a market linked incentive package in their capacity as executive Directors and to provide effective consideration for their ongoing commitment and contribution to the Company as executive Directors of the Company.

The Incentive Shares will be subject to the following Restriction Conditions that each Director must satisfied before the Shares can be sold, transferred, or encumbered:

Quantity of Shares	Restricted Condition
50% of Shares (rounded to nearest whole number)	The Director is an Eligible Employee at the date 12 months after the date of the Offer.
Balance of shares	The Director is an Eligible Employee at the date 24 months after the date of the Offer.

### 5.2 ASX Listing Rule 10.14

Shareholder approval is required pursuant to ASX Listing Rule 10.14 for the issue of Incentive Shares to the Related Parties.

ASX Listing Rule 10.14 provides that a company must not permit a Director of the company to acquire securities under an employee incentive scheme without the approval of shareholders for the acquisition. The Plan is considered to be an employee incentive scheme for the purposes of the ASX Listing Rules.

The issue of Incentive Shares under Resolutions 5 and 6 is dependent on the Executive and Employee Share Plan being approved by Shareholders under Resolution 4.

It is the view of the Directors (other than the Related Parties) that the exception set out in Section 211 of the Corporations Act applies in the current circumstances. Accordingly, Shareholder approval is not being sought for the issue the Shares to the Related Parties under the Plan for the purpose of Section 208 of the Corporations Act.

### 5.3 Information required by ASX Listing Rule 10.15

Pursuant to and in accordance with the requirements of ASX Listing Rule 10.15, the following information is provided in relation to the offers being made for the proposed grant of Incentive Shares to the Related Parties under the Executive and Employee Share Plan:

- (a) the related parties are John Hoedemaker and Willem Hoedemaker and they are related parties by virtue of being Directors of the Company;
- (b) the maximum number of Incentive Shares that may be acquired by the Related Parties is as follows:
  - (i) John Hoedemaker - 10,000,000 Incentive Shares; and
  - (ii) Willem Hoedemaker - 6,000,000 Incentive Shares;
- (c) the issue price for the Incentive Shares to a Related Party shall be the volume weighted average price at which Shares were traded on the ASX over the 5 trading days ending on the day prior to the date of issue of the Incentive Shares;
- (d) no related parties of the Company have received any Incentive Shares under the Plan since it was adopted on 16 August 2011;
- (e) any Director of the Company or any subsidiary (if any) is entitled to participate in the Plan. As at the date of this Notice, all of the Directors are eligible to participate in the Plan;
- (f) the subscription funds for the Incentive Shares will be loaned to the Related Parties in accordance with the terms of the Plan. The amount of the loan provided to the Related Parties will be approximately \$680,000 to John Hoedemaker and \$408,000 to Willem Hoedemaker (based on a Share price of \$0.068 per Share, being the last closing share price two trading days prior to the date of this Notice of Meeting). The loans will be provided under the terms and conditions of the Plan, a summary of which is set out in Schedule A of this Explanatory Statement. The key terms of the loan are as follows:
  - (i) the repayment term of each loan to the Related Parties shall be seven (7) years. The loan must be repaid in full by the expiry of the repayment term, but a Related Party may elect to repay the loan at any time prior to the repayment date;
  - (ii) the loan shall be interest free;
  - (iii) the loan shall be applied by the Company directly toward payment of the issue price of the Incentive Shares;

- (iv) the Company shall have a lien over the Incentive Shares in respect of which a loan is outstanding and the Company shall be entitled to sell those Incentive Shares in accordance with the terms of the Plan if the loan is not repaid when due; and
- (v) the loan is non-recourse except against the Incentive Shares held by the Related Party to which the loan relates;
- (g) the Shares to be issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares (other than the transfer restrictions summarised in Section 5.1 above and in Schedule A of this Explanatory Statement); and
- (h) the Shares will be granted to the Related Parties no later than 12 months after the date of the Annual General Meeting (or such later date as permitted by any ASX waiver or modification of the ASX Listing Rules) and it is anticipated the Shares will be issued as soon as practicable and in any event no longer than one month after Shareholders approve Resolutions 2 to 4.

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**6. ENQUIRIES**

Shareholders may contact Mr John Hoedemaker on (+61 8) 9331 2300 if they have any queries in respect of the matters set out in these documents.

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## GLOSSARY

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**\$** means Australian dollars.

**Annual General Meeting** means the meeting convened by the Notice of Meeting.

**ASIC** means the Australian Securities and Investments Commission.

**ASX** means ASX Limited.

**ASX Listing Rules** means the Listing Rules of ASX.

**Board** means the current board of directors of the Company.

**Business Day** means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day, and any other day that ASX declares is not a business day.

**Closely Related Party** means, in relation to a member of Key Management Personnel: (a) a spouse or child of the member; (b) a child of the member's spouse; (c) a dependent of the member or the member's spouse; (d) anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealing with the entity; (e) a company the member controls; or (f) a person prescribed by the regulations, as defined in the Corporations Act.

**Company** means Gage Roads Brewing Co Limited (ACN 103 014 320).

**Constitution** means the Company's constitution.

**Corporations Act** means the Corporations Act 2001 (Cth).

**Directors** means the current directors of the Company.

**Explanatory Statement** means the explanatory statement accompanying the Notice of Meeting.

**Incentive Share** means a Share issued under the Plan.

**Key Management Personnel** means those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any Director (whether executive or otherwise), as defined in the Corporations Act.

**Notice of Meeting** or **Notice of Annual General Meeting** means this notice of General meeting including the Explanatory Statement.

**Plan** means the Company's Executive and Employee Share Plan summarised in this Notice of Meeting.

**Resolutions** means the resolutions set out in the Notice of Meeting, or any one of them, as the context requires.

**Share** means a fully paid ordinary share in the capital of the Company.

**Shareholder** means a holder of a Share.

**WST** means Western Standard Time as observed in Perth, Western Australia.

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## SCHEDULE A - SUMMARY OF EXECUTIVE AND EMPLOYEE SHARE PLAN

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Outlined below is a summary of the key terms of the Company's Executive and Employee Share Plan.

- (a) **Eligibility:** The Plan is available to full time and party time employees or Directors of the Company (**Eligible Employee**). A Eligible Employee may nominate an associate to participate in the Plan in their place.
- (b) **Administration of Plan:** The Board is responsible for the operation of the Plan and has a broad discretion to determine which Eligible Employees will be offered Shares under the Plan.
- (c) **Offer:** The Board may issue an offer to an Eligible Employee to participate in the Plan (**Offer**). The Offer:
  - (i) will invite application for the number of Shares specified in the Offer (or specify the manner in which the number of Shares is to be calculated);
  - (ii) will specify the issue price for the Shares or the manner in which the issue price is to be calculated;
  - (iii) the amount payable to subscribe for the Shares, or the manner in which the amount is to be calculated;
  - (iv) may invite application for a loan up to the amount payable in respect of the Shares accepted in accordance with the Offer;
  - (v) will specify any restriction conditions applying to the Shares;
  - (vi) will specify an acceptance period; and
  - (vii) will specify any other terms and conditions attaching to the Shares.
- (d) **Issue price:** The issue price of each Share shall be determined by the Board in its absolute discretion, and may be nil.
- (e) **Quotation on ASX:** The Company will apply for each Plan Share to be admitted to trading on ASX upon issue of the Share. Quotation will be subject to the ASX Listing Rules and any holding lock applying to the Shares.
- (f) **Rights attaching to Shares:** Each Share shall be issued on the same terms and conditions as the Company's issued Shares (other than in respect of transfer restrictions imposed by the Plan) and it will rank equally with all other issued Shares from the issue date except for entitlements which have a record date before the issue date.
- (g) **Loan:** An Eligible Employee who is invited to subscribe for Shares may also be invited to apply for a loan up to the amount payable in respect of the Shares accepted (**Loan**), on the following terms:
  - (i) the Loan will be interest free unless otherwise agreed;
  - (ii) the Loan shall be applied by the Company directly toward payment of the issue price of the Shares;

- (iii) the Loan repayment date shall be determined by the Board and set out in the Offer;
  - (iv) a participant granted a Loan must repay the Loan in full by the Loan repayment date but may elect to repay the Loan in respect of any or all of the Shares at any time prior to the Loan repayment date;
  - (v) the Company shall have a lien over the Shares in respect of which a Loan is outstanding and the Company shall be entitled to sell those Shares in accordance with the terms of the Plan if the Loan is not repaid when due;
  - (vi) a Loan will be non-recourse except against the Shares held by the participant to which the Loan relates; and
  - (vii) the Board may, in its absolute discretion, agree to forgive a Loan made to a participant.
- (h) **Restriction Conditions:** Shares may be subject to restriction conditions (such as a period of employment or a performance hurdle) which must be satisfied before the Shares can be sold, transferred, or encumbered (**Restriction Condition**). The Board may waive Restriction Conditions in its absolute discretion, including where a holder dies or is a good leaver. In addition, Shares cannot be sold, transferred or encumbered until any Loan in relation to the Shares has been repaid or otherwise discharged under the Plan. The Company is authorised to impose a holding lock on the Shares to implement these restrictions.
- (i) **Forfeiture of Shares:** Where a Restriction Condition in relation to Shares is not satisfied by the due date, or becomes incapable of satisfaction (as determined by the Board in its absolute discretion), and is not waived by the Board (in its absolute discretion), the holder of those Shares forfeits its right, entitlement and interest in and to the Shares and the Company must, unless the Restriction Condition is waived by the Board, either:
- (i) arrange to buy back and cancel the relevant Shares within 3 months of the date the Restriction Condition was not satisfied (or became incapable of satisfaction) under the Corporations Act at a price equal to the cash consideration paid by the holder for the Shares (with the cash consideration being deemed to exclude any Loan in relation to those Shares but to include any Loan repayments made by or on behalf of the holder); or
  - (ii) arrange to sell the Shares on behalf of the holder (using a power of attorney) within 20 Business Days of the date the Restriction Condition was not satisfied (or became incapable of satisfaction) on the ASX or to an investor who falls within an exemption under Section 708 of the Corporations Act (provided that the sale must be at a price that is no less than 80% of the market value of the Shares up to and including the trading day before the sale date to the investor), and apply the sale proceeds in the following priority:
    - (A) first, to pay the Company the outstanding Loan (if any) in relation to the Shares and the Company's reasonable costs in selling the Shares;
    - (B) second, to use towards repaying any cash consideration paid by the holder for the Shares (with the cash consideration being

deemed to exclude any Loan in relation to those Shares but to include any Loan repayments made by or on behalf of the holder). The holder acknowledges that the Company is not liable to repay the holder any cash consideration or Loan repayments except to the extent covered by the remaining sale proceeds; and

- (C) lastly, any remainder to the Company to cover its costs of managing the Plan.
- (j) **Power of Attorney:** The holder irrevocably appoints each of the Company and each director of the Company severally as his or her attorney to do all things necessary to give effect to the buy back or sale of the holder's Shares in accordance with the Plan.
- (k) **Ceasing to be an Eligible Executive:** If an Eligible Employee ceases to be an employee or director of the Company, and at that time:
  - (i) there are unfulfilled Restriction Conditions in relation to Shares under the Plan held by the Eligible Employee or his or her nominee, the Shares are forfeited and the Company must either buy back or sell the Shares in accordance with the Plan; or
  - (ii) there are no unfulfilled Restriction Conditions in relation to Shares under the Plan held by the Eligible Employee or his or her nominee, but there is an outstanding Loan, the holder must repay the Loan within 30 days, failing which the Company must sell the Shares to repay the Loan.
- (l) **Corporate Transactions:** The Board may, in its absolute discretion and subject to conditions, waive a Restriction Condition applying to a Share where:
  - (i) **(Takeover)** a takeover bid for the Company's issued Shares is declared unconditional and the bidder has acquired a relevant interest in at least 50.1% of the Company's issued Shares;
  - (ii) **(Compromise or Arrangement):** a court approves under Section 411(4)(b) of the Corporations Act a proposed compromise or arrangement for the purposes of or in connection with a scheme for the reconstruction of the Company or its amalgamation with any other company or companies; or
  - (iii) **(Winding Up):** the Company passes a resolution for voluntary winding up or an order is made for the compulsory winding up of the Company.
- (m) **Plan limit:** The Company must take reasonable steps to ensure that the number of Shares offered by the Company under the Plan when aggregated with:
  - (i) the number of Shares that would be issued if each outstanding offer for Shares (including options to acquire unissued Shares) under any employee incentive scheme of the Company were to be exercised or accepted; and
  - (ii) the number of Shares issued during the previous 5 years under the Plan (or any other employee share scheme extended only to eligible employees),

does not exceed 5% of the total number of Shares on issue at the time of an offer (but disregarding any offer of Shares or option to acquire Shares that can be disregarded in accordance with relevant ASIC Class Orders).

**PROXY FORM**

**APPOINTMENT OF PROXY  
GAGE ROADS BREWING CO LIMITED  
ACN 103 014 320**

<Shareholder Name Address Line 1>  
<Shareholder Name Address Line 2>  
<Shareholder Name Address Line 3>  
<Shareholder Name Address Line 4>  
<Shareholder Name Address Line 5>  
<Shareholder Name Address Line 6>

Securityholder Reference Number (SRN)  
<SRN#>

I/We being a member/s of Gage Roads Brewing Co Limited entitled to attend and vote at the Annual General Meeting, hereby

Appoint

Name of proxy

OR  the Chair of the Annual General Meeting as your proxy

or failing the person so named or, if no person is named, the Chair of the Annual General Meeting, or the Chair's nominee, to vote in accordance with the following directions, or, if no directions have been given, as the proxy sees fit, at the Annual General Meeting to be held at 4:00 pm (WST), on 29 September 2011 at 14 Absolon Street, Palmyra, Western Australia, and at any adjournment thereof.

If no directions are given, the Chair will vote in favour of all the Resolutions.

If the Chair of the Annual General Meeting is appointed as your proxy, or may be appointed by default, and you do **not** wish to direct your proxy how to vote as your proxy in respect of **Resolutions 4 to 6** please place a mark in this box.

By marking this box, you acknowledge that the Chair of the Annual General Meeting may exercise your proxy even if he has an interest in the outcome of Resolutions 4 to 6 and that votes cast by the Chair of the Annual General Meeting for Resolutions 4 to 6 other than as proxy holder will be disregarded because of that interest. If you do not mark this box, and you have not directed your proxy how to vote, the Chair will not cast your votes on Resolutions 4 to 6 and your votes will not be counted in calculating the required majority if a poll is called on Resolutions 4 to 6.

**Important for Resolution 1:** Notwithstanding the above, if a member of the Company's Key Management Personnel or their Closely Related Parties (including the Chair of the Annual General Meeting) is your proxy and you do not direct him how to vote on Resolution 1, the proxy will be prevented from casting your votes on Resolution 1. In these circumstances, in order for your votes to be counted on Resolution 1, you must direct your proxy how to vote on Resolution 1 by marking 'for' or 'against' in the box for Resolution 1.

OR

**Voting on Business of the Annual General Meeting**

	FOR	AGAINST	ABSTAIN
Resolution 1 – Adoption of remuneration report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2 – Re-election of Director – Ian Olson	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3 – Re-election of Director – Steven Greentree	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4 – Approval of Executive and Employee Share Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5 – Issue of Shares to John Hoedemaker and interest free loan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6 – Issue of Shares to Willem Hoedemaker and interest free loan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**Please note:** If you mark the abstain box for a particular Resolution, you are directing your proxy not to vote on that Resolution on a show of hands or on a poll and your votes will not to be counted in computing the required majority on a poll.

If more than one proxy is being appointed, the proportion of voting rights this proxy represents is \_\_\_\_\_%

**Signature of Member(s):**

**Date:** \_\_\_\_\_

**Individual or Member 1**

**Member 2**

**Member 3**

**Sole Director/Company Secretary**

**Director**

**Director/Company Secretary**

**Contact Name:** \_\_\_\_\_ **Contact Ph (daytime):** \_\_\_\_\_



**GAGE ROADS BREWING CO LIMITED**  
**ACN 103 014 320**

**Instructions for Completing 'Appointment of Proxy' Form**

1. **(Appointing a Proxy):** A member entitled to attend and vote at an Annual General Meeting is entitled to appoint not more than two proxies to attend and vote on a poll on their behalf. The appointment of a second proxy must be done on a separate copy of the Proxy Form. Where more than one proxy is appointed, such proxy must be allocated a proportion of the member's voting rights. If a member appoints two proxies and the appointment does not specify this proportion, each proxy may exercise half the votes. A duly appointed proxy need not be a member of the Company.
2. **(Direction to Vote):** A member may direct a proxy how to vote by marking one of the boxes opposite each item of business. Where a box is not marked the proxy may vote as they choose. Where more than one box is marked on an item the vote will be invalid on that item.
3. **(Signing Instructions):**
  - **(Individual):** Where the holding is in one name, the member must sign.
  - **(Joint Holding):** Where the holding is in more than one name, all of the members should sign.
  - **(Power of Attorney):** If you have not already provided the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.
  - **(Companies):** Where the company has a sole director who is also the sole company secretary, that person must sign. Where the company (pursuant to Section 204A of the Corporations Act) does not have a company secretary, a sole director can also sign alone. Otherwise, a director jointly with either another director or a company secretary must sign. Please sign in the appropriate place to indicate the office held.
4. **(Attending the Meeting):** Completion of a Proxy Form will not prevent individual members from attending the Annual General Meeting in person if they wish. Where a member completes and lodges a valid Proxy Form and attends the Annual General Meeting in person, then the proxy's authority to speak and vote for that member is suspended while the member is present at the Annual General Meeting.
5. **(Return of Proxy Form):** To vote by proxy, please complete and sign the enclosed Proxy Form and return:
  - (a) in person at Gage Roads Brewing Co Limited, 14 Absolon Street, Palmyra, Western Australia, 6157; or
  - (b) post to Gage Roads Brewing Co Limited, PO Box 2024, Palmyra DC, Western Australia, 6961; or
  - (c) facsimile to Gage Roads Brewing Co Limited on facsimile number +61 8 9331 2400, or
  - (d) by email to [accounts@gageroads.com.au](mailto:accounts@gageroads.com.au);

so that it is received not less than 48 hours prior to commencement of the Meeting, being 4:00 pm (WST) 27 September 2011.

**Proxy forms received later than this time will be invalid.**