



22 April 2013

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

INSTITUTIONAL AND WOOLWORTHS PLACEMENT

Gage Roads Brewing Co Ltd (ASX Code: GRB) is pleased to announce that the Company is undertaking a placement to institutional investors and Woolworths Limited totaling 49,431,439 ordinary shares at a price of \$0.15 per share to raise \$7.4 million.

	Shares Offered	Subscription Amount
Institutional Investors	36,950,000	\$5,542,500
Woolworths Limited	12,481,439	\$1,872,216
	49,431,439	\$7,414,716

36,950,000 ordinary shares have been offered to institutional investors at a price of \$0.15 per share to raise \$5,542,500. This placement has been facilitated through Lead Manager CCZ Statton Equities.

At the time of this announcement the Company has received confirmed applications from a number of institutional investors which sees the institutional placement fully subscribed.

The Company is further announcing that Woolworths Limited has confirmed its intention to exercise its right under the Subscription Agreement (Top Up Rights) to retain its proportional share of 25.25% in the Company. 12,481,439 shares have been offered to Woolworths at a price of \$0.15 per share to raise \$1,872,216.

In accordance with the Subscription Agreement a further 1,082,000 shares have been offered to Woolworths Limited at an average price of \$0.063 in relation to Top Up Rights from prior dilution events that occurred when employee shares were issued during FY12. In accordance with the Subscription Agreement the issue price of these shares is based on the issue price paid for the shares at the time of the prior dilution events.

AUSTRALIA'S CRAFT BREWERY

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Dilution Event Date	Top up Shares to be Issued	Issue Price	Consideration
18/11/2011	915,000	\$0.062	56,730
08/02/2012	167,000	\$0.067	11,189
TOTAL	1,082,000		\$67,919

The placement of 50,513,439 shares raising total funds of \$7.48m to institutional investors and Woolworths will be made without shareholder approval in reliance on the Company's 15% annual placement capacity.

The proceeds are expected to be applied towards partial repayment of the Company's debt facility with the ANZ, the improvement of the Company's working capital position, and the expenses of the placement as follows.

	Use of Funds
Part repayment of ANZ facility	\$4,000,000
Working Capital	\$3,182,635
Expenses of the placement	\$300,000
	\$7,482,635

The Company is also pleased to announce today that it intends to provide a non-underwritten Shareholder Share Purchase Plan to offer 3,333,333 ordinary shares at a price of \$0.15 per share to raise up to \$500,000. The funds raised from the Share Purchase Plan will be applied towards working capital.

This Share Purchase Plan will provide existing shareholders the opportunity to invest at the same price as offered to the institutional investors and Woolworths. It is the intention that existing shareholders will be offered to take up shares in lots of \$2,000, \$5,000, \$10,000 and \$15,000 capped at \$15,000 per shareholder. Documentation with regards to the Share Purchase Plan will be provided in due course.

Please find attached an investor presentation concerning the placement.

-END-

For further information please contact:

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Update April 2013

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4-Year Plan Snapshot

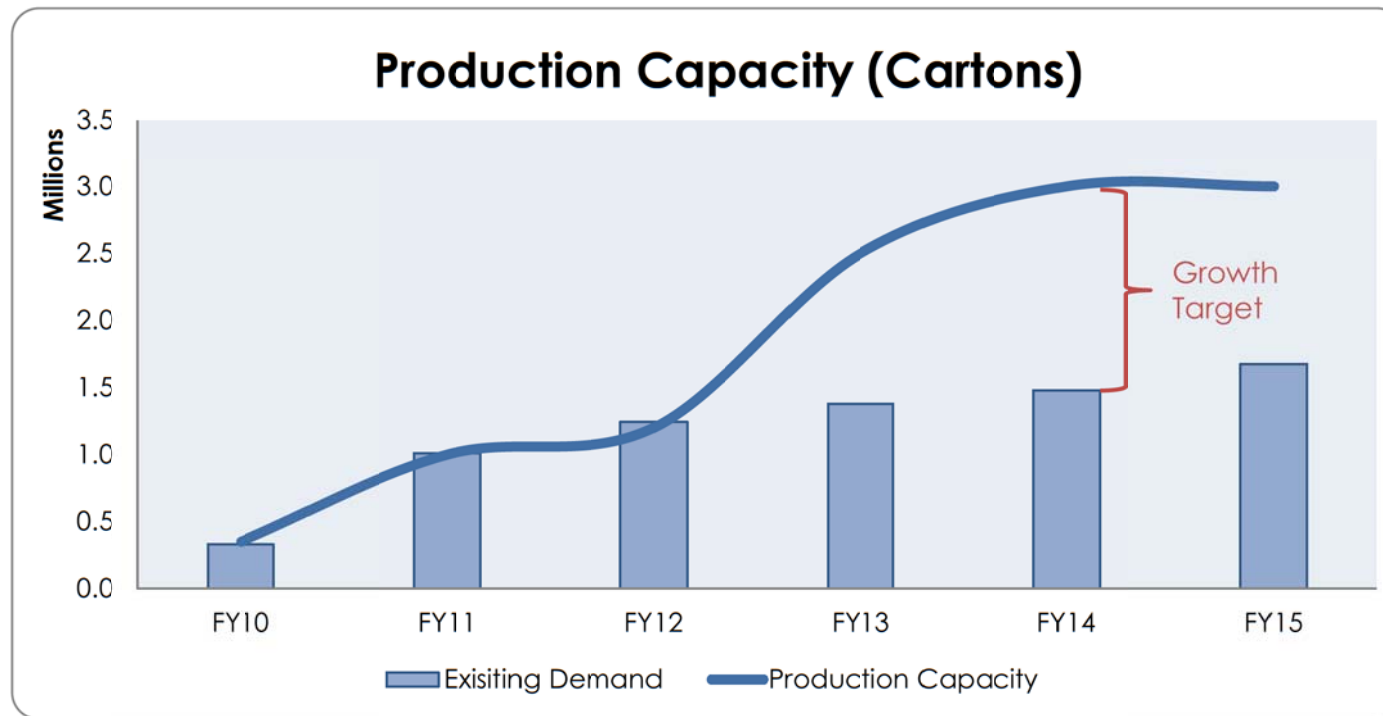
- 4-Year plan conceived in 2012 – we are now at the midpoint, having delivered most of the capacity increases

GRB 4-Year Growth Plan (FY12,13,14,15)	
Production	Triple production capacity to 3 million cartons by FY15
Costs	Reduce operating costs per case by 50% by FY15
Sales	<ul style="list-style-type: none">• Continue partnering the growth of Woolworths' exclusive brands strategy.• Become Australia's # 1 contract craft brewery.• Increase draught sales.
Productivity	Building a Better Place to Work: implementing 5S, improving work environments and amenities, focusing on core values and cultural change to improve behaviours and improve productivity.



Future Growth – Filling Capacity

- Additional capacity has come online in April 2013
- GRB has demonstrated track record in converting capacity expansion into both sales and earnings growth



4-Year Plan Overview

- Capacity growth delivers multiple opportunities to drive earnings growth in FY14 and FY15:
 - **Top Line Volume Growth**
 - New contract customers
 - Woolworths NPD and organic growth
 - GRB proprietary products
 - Draught sales
 - Craft market is at an inflection point (45% growth)
 - **Operating and Cost Efficiencies**
 - Variable costs to be reduced by 50% by FY15
 - Cost reduction through increase in scale
 - Leverage of fixed costs



FY13 9-Month YTD Update

- **Production**

- Increased production capacity to 2.5m cartons per annum
- Capital expansion largely completed quarter ended March 2013
- Unbudgeted items \$2.8m and cost overruns \$1.6m (\$4.4m as previously announced)

- **Sales**

- 9-month YTD Revenue: \$16.5m 11% increase on prior year to date
- 9-month YTD Volume: 8.2m litres, 10% increase on prior year to date
- New contracts with McLaren Vale, San Miguel, Duckstein and Two Birds commencing 4th Quarter FY13
- Draught expansion with ALH Group (East Coast). Keg sales 127% increase on prior year to date.

- **Costs & Productivity**

- YTD Gross Profit Margin of 50% maintained (PY: 48%)
- Full cost efficiencies expected to be realised in FY14 & FY15



Institutional Placement

In order to strengthen the Company's working capital position, balance sheet and share register as well as reducing financial risk, GRB is undertaking a placement to institutional investors.

- **Details of placement:**

- 49,431,439 ordinary shares issued at an issue price of 15c per share to raise \$7.4m
 - 36,950,000 shares (\$5.5m) issued to institutional investors
 - 12,481,439 shares (\$1.9m) issued to Woolworths Limited (taking up of Top-Up Rights)
- Further 1,082,000 top up shares issued to Woolworths at an issue price of 6.3c per share in relation to previous dilution events from employee share issues (\$67,919)
- Use of funds
 - Part-repayment of ANZ debt facility \$4.00m
 - Working capital \$3.18m
 - Expenses of the placement \$0.30m
 - \$7.48m**



Pro-Forma Balance Sheet

	31 Dec 2012 (\$m)	Transaction (\$m)	Post-transaction * (\$m)
Assets			
Current assets	6.38	3.18	9.56
Non-Current Assets	22.14	-	22.14
Total Assets	28.52	3.18	31.70
	-	-	-
Liabilities	-	-	-
Current liabilities	11.02	-	11.02
Non-current liabilities	9.73	- 4.00	5.73
Total Non-current liabilities	20.74	- 4.00	16.74
Total Equity	7.78	7.18	14.96

* ignores other transactions since 31 Dec 2012

Proceeds are net of transaction costs



Benefits

- Strengthen GRB's working capital position
- De-risk the execution of the FY14 and FY15 earnings growth plan
- Reduce debt and improve the structure of the balance sheet
- Improve share register depth and quality
- Facilitate greater liquidity in GRB shares
- Acceptable dilution to current shareholders
- Provide greater certainty to all GRB stakeholders



Shareholder Share Purchase Plan

The company intends to offer shares under a share purchase plan to existing shareholders.

- Offer of up to 3,333,333 shares
- Issue price of \$0.15 per share
- Issue capped at \$500,000
- Allows existing shareholders to participate on the same terms as the institutional investors
- Maximum investment of \$15,000 per shareholder
- Shareholders can expect further offer documentation in due course

