

4th May 2012

Company Announcements Office

Australian Securities Exchange
10th Floor
20 Bond Street
SYDNEY NSW 2000

COMPANY UPDATE**CURRENT OPERATIONS**

Upon reinstatement to the Official List of ASX in November 2011, Oz Brewing Limited ("Company") recommenced the brewing, marketing and sales of its Mad Monk range of beers through its Joint Venture with Ironbark brewery in the Swan Valley. As part of the Joint Venture arrangements, Ironbark is expanding its facilities to provide for more paying customers. This expansion has included approval from the local shire for the expanded plans, whilst the licensing approval process has commenced and is currently working its way through the Department of Racing, Gaming and Liquor. Once the Joint Venture activities with Ironbark are expanded as planned, Oz Brewing will then commence seeking additional opportunities to sell its Mad Monk beers, as follows:

- Identifying established beer outlets willing to carry part or all of the Mad Monk range of beers through their facility, which would be brewed in the first instance through the Joint Venture in line with a normal supplier/retailer relationship;
- Expansion through acquisition or investment of other boutique breweries, though only after a rigorous examination of the different opportunities;
- Commencing retail sales of its more popular styles through packaged take home beers;
- Considering expansion opportunities through other States and possibly overseas.

Outside of the Mad Monk brand, Oz Brewing has reviewed a number of complementary businesses and products in the spirit and liquor industry to provide a diversify offering to customers. However to date it has not yet found a suitable industry investment to meet its investment criteria.

The Directors of the Company have experience within the hospitality and beverage industries, as well as a broad set of commercial experiences, and will consider other opportunities for growth as and when they might arise.

NEW OPPORTUNITIES

In January 2012 Oz Brewing had an opportunity to acquire a resources project. The Company entered into a Heads of Agreement ("HOA") with Volcan Australia Corporation Pty Limited ("VOL") to acquire a 100% interest in 2 wholly owned subsidiaries of VOL which owned the 100% registered legal and

beneficial interest in certain bauxite exploration licenses in New South Wales ("Assets").

As advised to the ASX on 13 April 2012, this transaction is no longer proceeding, and the Company issued Volcan Australia Corporation Pty Ltd ("VOL") with a Notice of Breach, Claim and demand for a break fee in the amount of \$2,000,000 as per the executed Heads of Agreement.

The commercial terms of the HOA required payment of \$400,000 within 48 hours of execution of the HOA as part of the fuller cash reimbursement for past exploration expenditure as agreed to be paid under the HOA ("Initial Cash Consideration"). Oz Brewing made the required payment.

Additionally the acquisition was subject to the satisfaction of any conditions placed on the Company by the ASX, including Chapter 11 of the Listing Rules, relating to significant transactions which trigger a change in activities, and the requirement under Listing Rule 11.1.3 for the transaction to be conditional upon the Company re-complying with Chapters 1 and 2. The Company had anticipated the necessity of recompliance with Chapters 1 and 2 of the ASX Listing Rules.

Having announced that the transaction was not proceeding on April 13, the Company has refocused on the current operations and will continue to explore investment opportunities both within the hospitality and beverage industry and outside of these industries.

The Company, as at the current date, has cash at bank of \$1.1M and is able to fulfil its commitments to the Ironbark Joint Venture and its development plan. Refer to the following Expenditure Budget.

Any new transaction outside the current operations as outlined above may trigger a change in activities and the requirement under Listing Rule 11.1.3 for the transaction to be conditional upon the Company re-complying with Chapters 1 and 2.

Yours sincerely,



David Wheeler
Chairman

2. EXPENDITURE BUDGET

Use of Funds	Nov 11 To March 12 Actual		April 12 To Nov 12 Expenditure Budget	
Opening Cash Balance	\$2,330,000		\$1,069,000	
Year 1	Actual	%	Budget	%
Commitments under the Joint Venture	\$175,000	13.88	-	-
Investigation, establishment and development of new brewing assets and brew café opportunities	\$30,000	2.38	\$400,000	59.8%
Review and evaluation of new investment opportunities	\$400,000*	31.72	\$100,000	15.0%
Expenses associated with the Offers and Recapitalisation Proposal	\$528,000	41.87	-	-
General Working Capital	\$128,000	10.15	\$169,000	25.2%
Total Funds Utilised	\$1,261,000	100%	\$669,000	100%
Closing Cash Balance	\$1,069,000		\$400,000	

*Note: OZB is pursuing recovery of this initial investment amount \$400,000

Use of Funds	Yr 2 Expenditure Budget	
Opening Cash Balance	\$400,000	
Year 2	Budget	%
Minimum Commitments under the Joint Venture	\$100,000	28.6%
Investigation, establishment and development of new brewing assets and brew café opportunities	\$100,000	28.6%
Review and evaluation of new investment opportunities	-	-
Expenses associated with the Offers and Recapitalisation Proposal	-	-
General Working Capital	\$150,000	42.8%
Total Funds Utilised	\$350,000	100%
Closing Cash Balance	\$50,000	