



ACN 118 159 881

8<sup>th</sup> March 2012

**Company Announcements Office**

Australian Securities Exchange  
10<sup>th</sup> Floor  
20 Bond Street  
SYDNEY NSW 2000

**COMPANY UPDATE**

The Board of Oz Brewing Limited ("OZB" or the "Company") announces that it entered into a Heads of Agreement ("HOA") on 31 January 2012 with Volcan Australia Corporation Pty Ltd ("VOL") to acquire a 100% interest in 2 wholly owned subsidiaries of VOL which own the 100% registered legal and beneficial interest in certain bauxite exploration licenses in New South Wales ("Assets").

The commercial terms of the HOA required payment of \$400,000 within 48 hours of execution of the HOA as part of the cash consideration agreed to be paid under the HOA ("Initial Cash Consideration").

OZB paid the Initial Cash Consideration to VOL and requested a Trading Halt from the ASX pending the announcement of the acquisition to the market. At the expiry of the Trading Halt, on 2 February 2012, OZB requested a suspension from official quotation in order to clarify details of the announcement regarding the HOA.

It has come to OZB's attention that VOL is not the 100% legal and beneficial owner of the Assets. Accordingly, OZB alleges that VOL is in breach of the HOA, in that VOL does not own the Assets as stated and warranted in the HOA.

Further, the HOA provides that if VOL is in breach of the HOA, OZB is entitled to claim a break fee in the sum of \$2,000,000 ("Break Fee"). Accordingly, the Directors of OZB have determined that to continue with the acquisition is not in the best interests of shareholders, and OZB has today issued a notice of breach and claim for the Break Fee.

The Company has continued with its Joint Venture (JV) with the IronBark Brewery in Caversham WA. Currently the Joint Venture is processing an application to expand its facility through the WA Department of Racing, Gaming and Liquor, with an Application for Alteration and Redefinition with an assessor of that Department. The JV has already received planning approval for its expansion plans.

It is currently brewing and selling four of the Oz Brewing style of beers and will seek to expand the volume and range concomitant with the facilities expansion plans.

The Company plans to continue with its existing business whilst continuing to review new opportunities.

Yours sincerely,

A handwritten signature in black ink, appearing to read "David Wheeler".

David Wheeler  
Chairman