



BROO Limited

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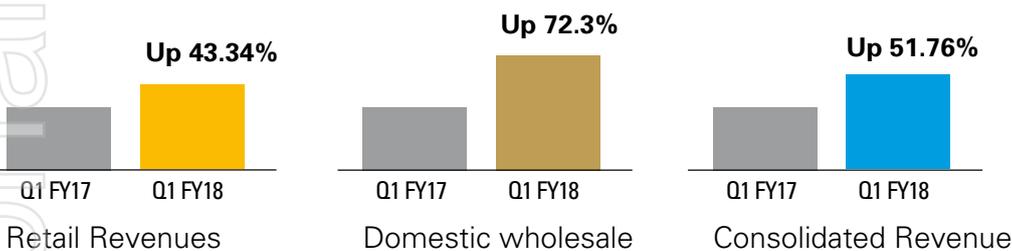
MARKET UPDATE

Broo Ltd (ASX: BEE) ('Broo Ltd' or 'the Company')

Company Highlights Q1FY18

- China wholesale distribution volume 19.2 million litres
- Retail Revenues increase 43.34%*
- Domestic wholesale increase 72.31%*
- Consolidated Revenue increase 51.76%*

*comparison to Q1FY17



China Update

Broo Ltd is pleased to provide the market with an update on distribution volumes achieved by our exclusive distribution partner Beijing Jihua Information Consultant Ltd ("Jihua").

Jihua have distributed 19.2 Million Litres of Broo Premium Lager product throughout mainland China. This is a pleasing result and in line with Year 1 forecast expectations of the binding agreement.

The china distribution network comprising of both "Direct Distribution" and "Agent Distribution" (first class agents, second class agents and subagents) have concentrated their initial campaigns on rural areas including second and third tier cities.

This strategy has proved successful in penetrating a traditionally Chinese dominated market with our uniquely identifiable Australian brand.





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Broo Ltd recently hosted a delegation of executives from Jihua who visited Australia to discuss a range of opportunities surrounding the collaboration. The agenda included a tour of the future site of "The World's Greenest Brewery" and meeting with government officials involved in the development of the project. Furthermore, the delegates visited the Mildura Brewery and profiled the additional range of brands the Company has on offer.

An export opportunity was subsequently identified for several of the Company's brands as a 'genuine Australian' offering to compete with other imported brands in tier one cities of China. The first purchase order of four containers is due to depart Australia this month with a view to increase range, size and regularity.

China is the largest beer industry in the world by volume of beer consumed.

China has seen significant increases in the demand for, and consumption of, international alcoholic beverage brands thereby creating a vast opportunity for the Company to capitalise on its uniquely Australian brand.

Broo, via its wholly owned subsidiary, Broo Export Pty Ltd, has a Binding Agreement with Beijing Jihua Information Consultant Ltd ("Jihua"), to exclusively market and distribute the Broo Premium Lager beer products in China for a period of 7 years.



The Agreement is binding on a 'Take or Pay' basis for 1.5 Billion litres of Broo Premium Lager beer products over the 7 year period with Jihua paying a fixed rate per litre. Based on the full seven (7) year term of the distribution arrangement, the aggregate distribution revenue generated for Broo is RMB602 million (approximately AUD \$120 million).

The Company looks forward to continuing a long and prosperous relationship with our partners in China.



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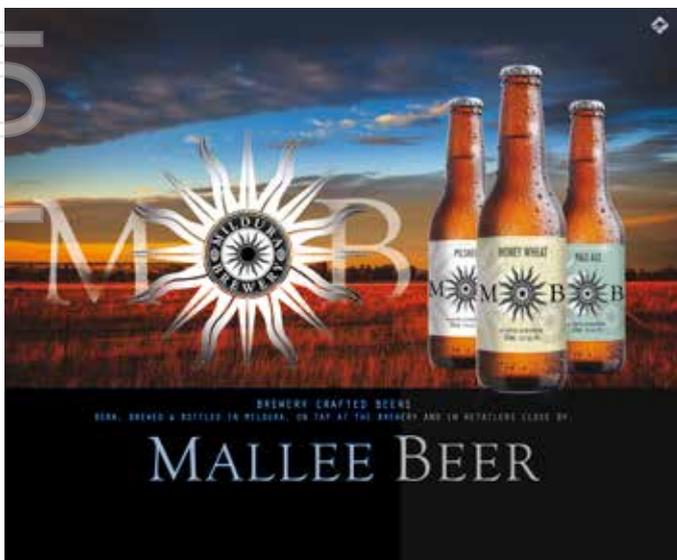
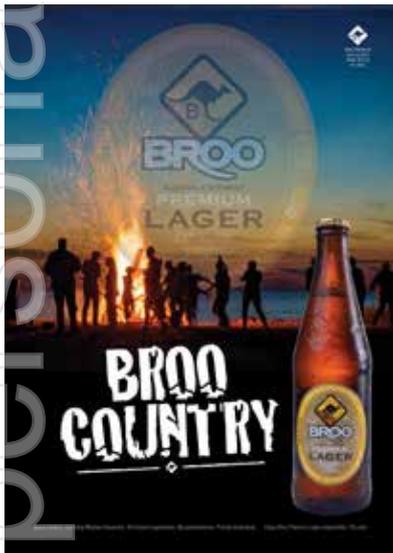


Australian Market

The Company is pleased to see continued wholesale growth and is focused on increasing domestic sales and distribution. Availability of Broo products has now been expanded and is now available nationally via Australian Liquor Marketers Pty Ltd (ALM). The company is currently working state by state with liquor retail banner groups on roll out and in store presence. Greater consumer awareness combined with expanded distribution via this channel is expected to increase annual sales volumes of the Broo brands.

Broo Retail is performing strongly with both Mildura Brewery Pub and Sorrento Brewhouse operations trading in line with forecast expectations. The Company is pleased to see this category provide increased gross margin, strengthened on premise sales and further product awareness.

The Company looks forward to a rewarding summer across the group.





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World's Greenest Brewery

The Company via its wholly owned subsidiary Broo Brewery Pty Ltd (Broo Brewery), is progressing plans to develop and operate a world-class, environmentally sustainable brewing facility, the "World's Greenest Brewery", combining manufacturing, environmental technology and tourism into a unique experience.

This Project will enable the Company to realise opportunities both in national and international markets. Once the brewery is constructed it will provide significant production capacity for the Company to produce its own beverage products at large volumes and offer substantial contract production services for third party beverage and retail companies wishing to outsource production of their products.

The Company is currently in discussions with potential joint venture partners for the development.
A further update on the Project will be provided in due course.



For further information please contact the Company on + 61 (3) 5984 2222.

About Broo Ltd

Broo Ltd is a unique Australian beer company that distinguishes itself from competitors through strong brands, company ethos, unique marketing platform and quality beer products. The Company is currently focused on the production, marketing and sales of its beer products