

Golden West Brewing Company, Inc.
Form SB-2/A
June 21, 2005

<R>
As filed with the Securities and Exchange Commission on June 17, 2005.
Registration
No. 333-121351
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SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

<R>

Pre-Effective Amendment No. 2
to
FORM SB-2

</R>

REGISTRATION STATEMENT
UNDER
SECURITIES ACT OF 1933

GOLDEN WEST BREWING COMPANY, INC.

(Name of small business issuer in its Charter)

Delaware

2082

90-0158978

(State or other jurisdiction of
incorporation or organization)

(Primary Standard Industrial
Classification Code Number)

(IRS Employer
Identification Number)

945 West 2nd Street
Chico, California 95928
(530) 894-7906 (tel) (707) 448-7842 (fax)

*(Address, including zip code, and telephone number, including area code,
of Registrant's principal executive offices)*

(Address of Principal Place of Business or Intended Principal Place of Business)

Brian Power, President
945 West 2nd Street
Chico, California 95928
(530) 894-7906 (tel) (707) 448-7842 (fax)

(Name, address, including zip code, and telephone number of agent for service of process)

Copies to:

Clifford L. Neuman, Esq.
 Clifford L. Neuman, P.C.
 1507 Pine Street, Boulder, Colorado 80302
(303) 449-2100 (tel) (303) 449-1045 (fax)

Approximate date of commencement of proposed sale to public:

As soon as practicable after the effective date of the Registration Statement.

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If delivery of the Prospectus is expected to be made pursuant to Rule 434, please check the following box.

Calculation of Registration Fee

Title of Each Class of Securities to be Registered	Amount to be Registered	Proposed Maximum Offering Price Per Share ⁽¹⁾	Proposed Maximum Aggregate Offering Price ⁽¹⁾	Amount of Registration Fee
Common stock, \$.0001 par value:	1,000,000	\$.50	\$500,000	\$100.00
TOTAL:			\$500,000	\$100.00

(1) Estimated solely for the purpose of calculating the registration fee pursuant to Rule 457 of Regulation C.

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the

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Registration Statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

Golden West Brewing Company, Inc.

Cross-Reference Index

	Item No. and Heading In Form SB-2 <u>Registration Statement</u>	Location <u>in Prospectus</u>
1.	Forepart of the Registration Statement and Outside Front Cover Page of Prospectus	Forepart of Registration Statement and Outside Front Cover Page of Prospectus
2.	Inside Front and Outside Back Cover Pages of Prospectus	Inside Front and Outside Back Cover Pages of Prospectus
3.	Summary and Risk Factors	Prospectus Summary; Risk Factors
4.	Use of Proceeds	Use of Proceeds; Risk Factors
5.	Determination of Offering Price	The Offering
6.	Dilution	*
7.	Selling Securityholders	Selling Securityholders
8.	Plan of Distribution	Plan of Distribution
9.	Legal Proceedings	Legal Proceedings
10.	Directors, Executive Officers, Promoters and Controlling Persons	Management
11.	Security Ownership of Certain Beneficial Owners and Management	Security Ownership of Management and Principal Stockholders
12.	Description of Securities	Description of Securities

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13.	Interest of Named Experts and Counsel	Legal Matters; Experts
14.	Disclosure of SEC Position on Indemnification for Securities Act Liabilities	Management - Indemnification and Limitation on Liability of Directors
15.	Organization Within Last Five Years	The Company; Business -- Overview
16.	Description of Business	Prospectus Summary; Risk Factors; Business
ii		
17.	Management's Discussion and Analysis or Plan of Operation	Management's Discussion and Analysis of Financial Condition and Results of Operations; Financial Statements; Business
18.	Description of Property	Business
19.	Certain Relationships and Related Transactions	Certain Transactions
20.	Market for Common Equity and Related Stockholder Matters	Market for Common Stock
21.	Executive Compensation	Management - Executive Compensation
22.	Financial Statements	Financial Statements
23.	Changes in and Disagreements with Accountants on Accounting and Financial Disclosure	*

* Omitted from Prospectus because Item is inapplicable or answer is in the negative

iii

The information in this prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. The Prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

Prospectus

GOLDEN WEST BREWING COMPANY, INC.

1,000,000 Shares of Common Stock

We are offering up to 1,000,000 shares of the common stock of Golden West Brewing Company, Inc.

The offering is being conducted on a 400,000-share minimum, all-or-none, 1,000,000-share maximum, best efforts basis at an offering price of \$.50 per share. Each investor must purchase a minimum of 1,000 shares, for a minimum investment of \$500. Until we have sold at least 400,000 shares, all proceeds from the sale of the first 400,000 shares will be deposited into an escrow account with Corporate Stock Transfer, Inc., as escrow agent. If we are unable to sell at least 400,000 shares before the offering period ends, we will return all funds, without deduction or interest, to subscribers promptly after the end of the offering.

We will only close the minimum offering if we have also completed our acquisition of Butte Creek Brewing Company, LLC.

The offering will remain open until all of the shares offered are sold or _____ [90 days from the date of this Prospectus], whichever occurs sooner. We may extend the offering period for an additional 90 days, at our discretion. We may decide to cease selling efforts prior to such date if we determine that it is no longer beneficial to continue the offering.

We plan to offer the shares through our officers and directors. We do not plan to use underwriters or pay any commissions on any sales of shares in this offering.

To date, there has been no public market for any of our securities, and our securities are not listed on any stock exchange or traded on the over-the-counter market. The offering price has been determined by us arbitrarily.

No commissions will be paid on sales of shares in this offering.

	<u>Price to Public</u>	<u>Proceeds to Company</u>
Per Share	\$.50	\$.50
Minimum Offering	\$200,000	\$200,000
Maximum Offering	\$500,000	\$500,000

<R> Investing in our common stock involves a high degree of risk. You should read the "Risk Factors" beginning on Page 7.

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Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

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The date of this Prospectus is June __, 2005.

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1

Prospectus Summary

About our Company

This summary highlights important information about our business and about the offering. Because it is a summary, it does not contain all the information you should consider before investing in our securities. Please read this entire prospectus.

We were recently formed to acquire substantially all of the business assets of Butte Creek Brewing Company, LLC, a California limited liability company. We plan to complete the acquisition of Butte Creek when we receive regulatory approval. We currently are a holding company for our wholly-owned subsidiary Golden West Brewing Company, a California corporation, which was formed to complete the acquisition.

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Butte Creek has been operating as a premier regional craft brewery in Chico, California since 1996. It specializes in brewing certified organic craft beers. Our flagship brews consist of Organic Ale, Organic Porter, Organic India Pale Ale, Mount Shasta Pale Ale, Roland's Red, Creekside Wheat, and Gold Ale. In addition, we craft seasonal brews consisting of Winter Ale, Spring Ale, Christmas Cranberry Ale and Summer Pilsner.

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In addition to brewing our own brand of products, we have recently begun contract brewing for third parties.

We currently distribute our products in a total of 19 states, including our core market of California which is serviced through both direct sales and distributors. The majority of our distribution outside of Northern California occurs through a network of independent alcoholic beverage distributors who are licensed in their respective jurisdictions.

Butte Creek's principal offices and brewery are located at 945 West 2nd Street, Chico, California 95928. Its telephone number at that address is (530) 894-7906. In addition, our internet website is located at www.organicale.com.

Acquisition of Butte Creek Brewing Company

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On October 8, 2004, we executed a definitive Asset Purchase and Sale Agreement (the "Acquisition Agreement") pursuant to which we plan to acquire all of the business assets, subject to a maximum of \$300,000 in liabilities, of Butte Creek Brewing Company, LLC. In order to complete the acquisition, we will require the approval of the California Department of Alcoholic Beverage Control, which issues licenses to manufacture and sell in the State of California. We have already obtained the approval of the Alcohol and Tobacco Tax and Trade Bureau ("TTB"), formerly known as the United States Bureau of Alcohol, Tobacco and Firearms ("BATF"), which issues permits allowing the manufacture of fermented malt beverages. The regulatory approval from California is the only material condition to completing the acquisition. We believe that we have fulfilled all of the requirements for this regulatory approval and that it will be obtained within the next 60 days. The Acquisition Agreement has been extended and the closing is expected to occur as soon as we get regulatory approval, but in no event later than July 31, 2005.

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Neither the minimum nor maximum offering described in this prospectus will be consummated until and unless the acquisition of Butte Creek has been completed. If we have not earlier terminated the offering without achieving the minimum offering, and if we have not completed the acquisition of Butte Creek by July 31, 2005, we will return all subscription amounts to investors, without deduction or interest.

2

Unless otherwise stated, all information, including share and per share information, contained in this prospectus assumes that we have completed the acquisition of Butte Creek.

3

About The Offering

Securities offered:

Minimum	400,000 shares of common stock
Maximum	1,000,000 shares of common stock

Price to the public: \$.50 per share

Total Offering:

Minimum	\$200,000
Maximum	\$500,000

Shares Outstanding After Offering:

Minimum	2,220,000*
Maximum	2,820,000*

*Assumes we issue 200,000 shares of common stock, without adjustment, in connection with our acquisition of Butte Creek.

Manner of sales: Solely through our officers and directors. We do not plan to use the services of an underwriter.

Commissions: No commissions will be paid on sales of shares in this offering.

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Term of offering: The offering will begin on the date of this prospectus and will end _____ [90 days from the date of this prospectus], unless all 1,000,000 shares of common

stock are sold sooner, or unless extended for an additional period of up to 90 days.

Minimum investment:

Each investor in this offering must purchase a minimum of 1,000 shares, or \$500.

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Condition to Completing Offering

We will not close the minimum offering unless we have completed our acquisition of Butte Creek.

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Escrow Arrangement:

This offering is being undertaken on a best efforts minimum of 400,000 shares and maximum of 1,000,000 shares. Within five days of our receipt of a subscription agreement accompanied by a check for the subscription amount, we will send by first class mail a written confirmation to notify the investor of the extent if any, to which such subscription has been accepted by us. Until the minimum offering of 400,000 shares has been sold and our acquisition of Butte Creek is completed, once subscriptions have been accepted, the proceeds will be deposited into an escrow account with Corporate Stock Transfer, Inc., our transfer agent, as escrow agent. Once the minimum offering is sold, and we have completed our acquisition of Butte Creek, the proceeds of the offering will be released from escrow and delivered to the Company. If the offering is terminated without achieving the minimum sale of 400,000 shares, or because we were unable to complete the acquisition of Butte Creek, all subscriptions will be promptly returned to the investors, without deduction or interest.

Subscription agreements:

Investors in the offering will be required to sign a subscription agreement at the time of their investment and deliver it together with payment for their shares, to Corporate Stock Transfer, Inc., as escrow agent. All subscription payments should be made payable to the order of "Golden West Brewing Company, Inc. Escrow Account." Assuming the sale of the minimum offering of 400,000 shares and our completing our acquisition of Butte Creek, investors will receive their certificates within 30 days following the termination date of this offering.

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Participation by affiliates:

Our affiliates may not purchase shares in the minimum offering to satisfy the minimum offering requirement. Affiliates may participate after the minimum offering has been completed; however, no affiliate has made any commitment to participate. We have not placed any

limitation on the number of shares an affiliate may purchase in the offering.

5

Pro Forma Summary Financial Data

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The following pro forma summary financial data presents our pro forma consolidated condensed financial information as if we had completed the acquisition of Butte Creek as of and at the beginning of each period shown. The pro forma summary financial data is incomplete and should be read in conjunction with the complete financial statements of Golden West and Butte Creek contained elsewhere in this prospectus. Our pro forma historical operating information may not be indicative of our future operating results.

Pro Forma Statement of Operations Data:	Three Months Ended March 31, <u>2005</u>	Fiscal Year Ended December 31, <u>2004</u>
Total Revenues	\$ 164,293	\$ 664,542
Cost of Sales	113,672	441,171
Operating expenses	119,123	442,657
Other expense	(5,899)	(29,167)
Net loss	(74,401)	(248,453)
Net loss applicable to common stockholders	(74,401)	(248,453)
Basic and diluted loss per share	(0.04)	(0.14)
Shares used in computing basic and diluted loss per share	1,820,000	1,820,000

Pro Forma Balance Sheet Data:	At March 31, <u>2005</u>		
	<u>Unadjusted</u>	<u>Adjusted</u>	
		<u>Minimum⁽¹⁾</u>	<u>Maximum⁽²⁾</u>
Working capital (deficit)	(321,384)	(171,384)	128,616
Total assets	883,927	933,927	1,133,927
Total Liabilities	541,378	491,378	391,378
Stockholders' equity	342,549	492,549	792,549

(1)

Adjusted to reflect net proceeds of \$150,000 from our assumed sale in this offering of 400,000 shares at an offering price of \$.50 per share.

(2)

Adjusted to reflect net proceeds of \$450,000 from our assumed sale in this offering of 1,000,000 shares at an offering price of \$.50 per share.

(3)

Assumes liabilities are reduced by \$100,000 if only the minimum offering is sold, and by \$200,000 if the maximum offering is sold.

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6

Risk Factors

An investment in our securities is speculative and involves a high degree of risk. Please carefully consider the following risk factors, as well as the possibility of the loss of your entire investment, before deciding to invest in our securities.

Risks Related to This Offering and Our Stock

The tangible book value of our common stock after the offering will be lower than the offering price, which will result in immediate and substantial dilution for investors.

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Even if we sell all 1,000,000 shares that we are offering, investors purchasing shares of our common stock in this offering will incur immediate and substantial dilution of their investment of approximately \$.21 per share, or 42% of the offering price, based upon our adjusted net tangible book value as of March 31, 2005. If we sell fewer than 1,000,000 shares, the dilution will be even greater. To the extent that currently outstanding options to purchase our common stock are exercised, there will be further dilution to investors acquiring shares of common stock.

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You may lose the use of your funds for up to 180 days if at least 400,000 shares are not sold.

The offering is being made on a 400,000 share, all or none basis. During the offering period, until at least 400,000 shares are sold, proceeds will be held in a non-interest-bearing escrow account. If the offering is not successful, your funds will be returned to you, with no deduction for expenses, and with no interest. Since the offering period may be extended to 180 days, if the minimum number of shares is not sold you would lose the use of your investment for that period of time.

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Changing conditions in our business may cause our management to change the use of the proceeds of this offering, which can be done without the approval of investors in this offering.

Our board of directors presently plans to use the proceeds from the sale of the shares for the purposes described in the Use of Proceeds section of this prospectus. However, a number and a variety of factors that we cannot predict may cause it to vary the use of those proceeds. A substantial amount of the proceeds are allocated to "working capital" and

may be used by us in a number of unspecified ways. Our board will have broad discretion over the use of those proceeds, and we cannot assure you that such uses will not vary substantially from our current intentions.

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Future issuances of our common stock could dilute current shareholders and adversely affect the market if it develops.

We have the authority to issue up to 20,000,000 shares of common stock and 5,000,000 shares of preferred stock and to issue options and warrants to purchase shares of our common stock, without shareholder approval. These future issuances could be at values substantially below the price paid for our common stock by investors in this offering. In addition, we could issue large blocks of our common stock to fend off unwanted tender offers or hostile takeovers without further shareholder approval.

7

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We may issue preferred stock that would have rights that are preferential to the rights of the common stock that could discourage potentially beneficial transactions to our common stockholders.

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An issuance of additional shares of preferred stock could result in a class of outstanding securities that would have preferences with respect to voting rights and dividends and in liquidation over the common stock and could, upon conversion or otherwise, have all of the rights of our common stock. Our Board of Directors' authority to issue preferred stock could discourage potential takeover attempts or could delay or prevent a change in control through merger, tender offer, proxy contest or otherwise by making these attempts more difficult or costly to achieve.

There is currently no market for our common shares, and investors may be unable to sell their shares for an indefinite period of time.

There is presently no market for our common shares. There is no assurance that a liquid market for our common shares will ever develop in the United States or elsewhere, or that if such a market does develop that it will continue. Accordingly, an investment in common shares of our Company should only be considered by those investors who do not require liquidity and can afford to suffer a total loss of their investment. An investor should consult with professional advisers before making such an investment.

Over-the-counter stocks are subject to risks of high volatility and price fluctuation.

We have not applied to have our shares listed on any stock exchange or on the NASDAQ Stock Market, and we do not plan to do so in the foreseeable future. As a result, if a trading market does develop for our common stock, of which there is no assurance, it is likely that our shares will trade on the over-the-counter market. The OTC market for securities has experienced extreme price and volume fluctuations during certain periods. These broad market fluctuations and other factors, such as new product developments and trends in our Company's industry and the investment markets generally, as well as economic conditions and quarterly variations in our results of operations, may adversely affect the market price of our common stock.

Trading in our securities will in all likelihood be conducted on an electronic bulletin board established for securities that do not meet NASDAQ listing requirements. As a result, investors will find it substantially more difficult to dispose of our securities. Investors may also find it difficult to obtain accurate information and quotations as to the price of, our common stock.

Our stock price may be volatile and as a result, investors could lose all or part of their investment. The value of an investment could decline due to the impact of any of the following factors upon the market price of our common

stock:

- * failure to meet sales and marketing goals or operating budget
- * decline in demand for our common stock
- * operating results failing to meet the expectations of securities analysts or investors in any quarter
- * downward revisions in securities analysts' estimates or changes in general market conditions
- * investor perception of our Company's industry or prospects
- * general economic trends

In addition, stock markets have experienced extreme price and volume fluctuations and the market prices of securities have been highly volatile. These fluctuations are often unrelated to operating performance and may adversely affect the market price of our common stock. As a result, investors may be unable to resell their shares at or above the offering price.

8

Fluctuations in our quarterly operating results due, in part, to the seasonal nature of our business, could adversely affect the market for our common stock.

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Our Company's quarterly operating results are subject to fluctuations, and if we fail to meet the expectations of securities analysts or investors in any quarter, our share price could decline significantly. Our business is highly seasonal, with greater sales in the second and third quarters. In addition to these seasonal fluctuations, factors that may cause our operating results to vary include many of the risk factors discussed elsewhere in this prospectus, and also include:

- * the nature of a significant proportion of our operating expenses, particularly personnel and facilities
- * prices and suppliers of raw materials
- * the effect of employee and contractor utilization rates and the time required to train and productively engage new employees
- * changes in our pricing policies or those of our competitors

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Outstanding shares that are eligible for future sale could adversely impact a public trading market for our common stock, if a public trading market develops.

All of the 1,620,000 common stock currently outstanding were offered and sold by us in private transactions in reliance upon an exemption from registration under the Securities Act. Accordingly, all of such shares are "restricted securities" as defined by Rule 144 ("Rule 144") under the Securities Act and cannot be resold without registration except in reliance on Rule 144 or another applicable exemption from registration. In general, under Rule 144 a person (or persons whose shares are required to be aggregated), including any affiliate of ours, who beneficially owns restricted shares for a period of at least one year is entitled to sell within any three month period shares equal in number to the greater of (i) one percent of the then outstanding shares of common stock or (ii) the average weekly trading volume of the same class of shares during the four calendar weeks preceding the filing of the required notice of sale with the Commission. The seller must also comply with the notice and manner of sale requirements of Rule 144, and there must be current public information available about the Company. In addition, any person (or persons whose shares are required to be aggregated) who is not, at the time of sale, nor during the preceding three months, an affiliate of the Company, and who has beneficially owned restricted shares for at least two years, can sell such shares without regard to notice, manner of sale, public information or the volume limitations described above. Approximately 700,000 shares of common stock are eligible for resale under Rule 144 provided other requirements of Rule 144 are met and assuming the proposed reductions in holding period are not adopted).

No prediction can be made as to the effect, if any, that future sales of restricted shares of common stock, or the availability of such common stock for sale, will have on the market price of the common stock prevailing from time to time. Sales of substantial amounts of such common stock in the public market, or the perception that such sales may occur, could adversely affect the then prevailing market price of the common stock.

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Risks Related to Our Business

Due to our history of operating losses our auditors are uncertain that we will be able to continue as a going concern.

Our consolidated financial statements have been prepared assuming that we will continue as a going concern. Due to our continuing operating losses and negative cash flows from our operations, the reports of our auditors issued in connection with our consolidated financial statements for the fiscal year ended December

9

31, 2004 contained an explanatory paragraph indicating that the foregoing matters raised substantial doubt about our ability to continue as a going concern. We cannot provide any assurance that we will be able to continue as a going concern.

Substantially all of our assets have been pledged as collateral to secure the repayment of loans to third parties. If we default in any of those loans, our assets would be subject to risk of forfeiture.

Substantially all of our assets have been pledged as security to third parties for the repayment of loans. If we are unable to pay any of those debts in a timely fashion or otherwise breach any of the terms of the loans or security agreements, our assets would be subject to foreclosure by the lender. Should foreclosure occur, it is likely that we would be forced to discontinue operations and our interest in the assets could be forfeited.

We do not yet have a history of earnings, profit or return on investment and there is no assurance that we will operate profitably or provide a return on investment in the future.

We have never been profitable, we expect to incur net losses for the foreseeable future and we may never be profitable. We incurred a pro forma consolidated net loss of \$(248,453) for the fiscal year ended December 31, 2004 and a pro forma consolidated loss of \$(74,401) for the three months ended March 31, 2005.

Our trademarks and other intellectual property rights do not provide us with protection against competition.

We do not claim intellectual property rights and do not believe that patents and copyrights can protect the recipes and formulas that we use in developing and manufacturing our craft beers. While we try to protect them as trade secrets through agreements with our employees, those agreements may not provide adequate protection against use by others.

We rely heavily on developing brand recognition for our products and claim common law trademark protection for all of our brands. However, we have not and do not have plans to apply to register any of our trademarks in the foreseeable future.

By assignment, we had acquired rights to Intent to Use trademark application covering the trademark "Mount Shasta Ale." The original applicant under that ITU has been involved in litigation with a third party concerning claims of infringement with respect to the use of that mark. That litigation has been settled under an agreement that will permit us to continue to use the trademark "Mount Shasta Ale." However, in the interim, we have received notification from Shasta Beverage Company that if we pursue our trademark registration for "Mount Shasta Ale," they will oppose the application (but not our unregistered use of the mark). As a result, we have decided to withdraw our ITU application

for the mark; but will continue to use the mark under a claim of common law trademark protection. However, given the foregoing history, we do not believe that we will be able to develop a strong trademark using the name "Mount Shasta Ale" and there exists serious doubt if we could successfully defend the use of the mark.

Other than our efforts to develop brand recognition and protect those brands with common law and federal and state trademark laws, we do not believe that intellectual property rights form a basis for significant competitive advantage.

10

We could become involved in costly and disruptive litigation related to our use of trademarks for our products, which could result in adverse judgments against us.

Subject to the uncertainties surrounding our use of the mark "Mount Shasta Ale" described above, we are not aware that any of our products or other intellectual property infringe upon the proprietary rights of third parties. However, there can be no assurance that third parties will not claim infringement by us with respect to current or future products. Furthermore, we may initiate claims or litigation against third parties for infringement of our proprietary rights, or for purposes of establishing the validity of our proprietary rights. Litigation, either as plaintiff or defendant, could cause us to incur substantial costs and divert management resources from productive tasks whether or not such litigation is resolved in our favor, which could have a material adverse effect on the business. Parties making claims against us could seek to recover substantial damages, as well as injunctive or other equitable relief, which could effectively block our ability to sell or license our products.

We will continue to need significant capital, without which our business may fail.

We are dependent on and intend to use virtually all of the net proceeds of this offering for debt repayment, for working capital and to develop a marketing plan. We estimate that we will need approximately \$250,000 to provide necessary working capital over the next 12 months. The proceeds received from this offering may not be sufficient to meet our working capital requirements. The proceeds from only the minimum offering would enable us to operate for only five months without additional funds. At March 31, 2005, on a pro forma basis, we also owed in excess of \$506,291 in short term debt to various persons, including vendors, our officers and directors and other related parties. At least \$100,000 will be used to pay in part some of our creditors and it is possible that additional proceeds of this offering will be needed to pay some of those creditors since we have no other assured source of funds. We do not have any commitments for any other funds outside this offering and there can be no assurance that additional funds will be available on acceptable terms, if at all. We do not have any agreements with our creditors, including our officers and directors, concerning payment of our liabilities and if we are unable to continue in business we would be required to pay those obligations before any payment could be made to any shareholder, including investors in this offering. Investors should be aware that there is a substantial risk that they could lose the full amount of their investment in our securities.

If we are unable to increase our production volume, we may not be able to achieve break-even or profitable operations.

Our current production rate is approximately 4,000 barrels per year. We estimate that we will need to increase production volume to at least 6,000 barrels per year in order to achieve break-even operating results. To increase production, we will need to purchase additional brewing equipment, which will require additional working capital. There can be no assurance that the proceeds of this offering will be sufficient to enable us to increase our production capacity to reach break-even or profitable operations.

If we are unable to expand our product distribution, we may not be able to achieve break-even operation results.

Our direct distributions have historically been concentrated in Northern California. Our direct sales in Northern California accounted for 49% of 2004 sales and 41% of sales through March 31, 2005. We also have third-party distributor sales in Northern California, as well as in 18 other states; however, those sales are sporadic, unpredictable and difficult to manage. There is no assurance that consumers in new geographic markets will be receptive to our products. We believe that Northern California is likely to continue to be the largest market for our brands, and that regional identification may assist our competitors in other regions.

11

Penetration into other regional markets is an important element of our growth plan, and failure to accomplish this objective will hinder the success of the expansion plan which is necessary to achieve break-even operations.

We rely heavily upon independent distributors to market our product. Those distributors also market other alcoholic beverages, including other craft beers that are competitive with ours. As a result, distributors over whom we exercise little control can significantly influence the degree to which retailers and consumers buy our products instead of products of competitive microbreweries.

We distribute our products through a network of independent import distributors for resale to retailers such as restaurants, taverns, and bars as well as to local distributors. Accordingly, we are dependent upon these distributors to sell our beer and to assist us in creating demand for, and promoting market acceptance of our products. We also depend upon them to provide adequate service to our retail customers. There can be no assurance that our distributors will devote the resources necessary to provide effective sales and promotional support to us.

Our most significant wholesaler, Mountain People's Warehouse, accounted for approximately 14% of our shipments in the year ended December 31, 2004. A retailer, Ray's is the Place, was responsible for 11% of sales. A disruption of our distributors or wholesalers' or the loss of a significant customer, or the termination by any major distributor could have a material adverse impact on our sales and results of operations.

The distributors that we rely upon also market competing imported and domestic craft beers. Although by law distributors are independent of any brewer, a distributor can be controlled if it relies on one or two large brewers who account for the majority of its sales. We have no formal written distribution agreements with our distributors. A down-turn in the performance or loss of a single distributor can have a material adverse impact on sales and, as a result, on our business, financial condition, and results of operations.

Aging of inventories may result in material losses in the future.

We do not use preservatives in our products, and accordingly the packaged beer has a shelf life of approximately 120 days from the release date. Our policy is to sell product to distributors with sufficient remaining shelf life to ensure that the beer will be fresh when sold to the consumer. Product that remains unsold after 120 days is returned to us for destruction or other disposition. If and to the extent that near-term sales projections exceed actual performance and result in material excess packaged beer inventories, we may experience inventory write-downs, spoilage and associated losses.

Our compliance with governmental regulation of environmental matters could pose additional expenses on our business.

The manufacture and sale of alcoholic beverages is regulated by both federal and state authorities. We have obtained and currently maintain all required federal and state permits, licenses and bonds required to operate our brewery. In addition, our brewery is subject to regulation by the water pollution control divisions of the United States Environmental Protection Agency and the State of California. Although we believe that we are in full compliance with all applicable environmental regulations, there can be no assurance that future changes in those regulations may

require us to alter our method of operations or install fixtures and equipment with associated delays and increased costs.

Our waste products consist of water, spent grains, hops, glass and cardboard. Disposal of our waste, including sewer discharge from the brewery, is monitored by local governmental agencies. While we believe

12

we currently comply with all governmental regulations, if we fail to comply with applicable standards for such disposal, fines could be levied and our business operations suspended until we achieve compliance.

Possible increases in excise taxes could adversely affect our business.

Alcoholic beverages are subject to substantial federal and state excise taxes. The federal rate of taxation increases from \$7.00 per bbl. to \$18.00 per bbl. for annual production in excess of 60,000 bbl. Our current production rate is 4,000 bbl per year. The State of California imposes an excise tax of \$6.20 per bbl. Alcoholic beverages have in recent years been targets of attempts to increase so-called "sin taxes." If excise taxes are increased, we could have to raise prices to maintain profit margins. Historically, price increases due to additional excise taxes have not reduced unit sales, but past experience does not necessarily indicate future effects, and the actual effect is likely to depend on the amount of the increase, general economic conditions, and other factors. The occurrence of significant tax increases could require us to cut or increase our prices, which could adversely impact sales, or erode our margins.

Operating hazards related to our business could result in liability risks in excess of our insurance.

Our operations are subject to certain hazards and liability risks faced by all brewers, such as bottle flaws or potential contamination of ingredients or products by bacteria or other external agents that may be accidentally or wrongfully introduced into products or packaging. Our products are not pasteurized, irradiated or chemically treated and require careful product rotation to prevent spoilage. However, neither spoiled beer nor the bacteria introduced in the brewing process is known to be harmful to human health. We run periodic diagnostic tests on all of our products to assure that they meet our quality control guidelines and comply with federal and state regulatory requirements. While we have not experienced a serious contamination problem in our products, the occurrence of such a problem could result in a costly product recall and serious damage to our reputation for product quality. Our operations are also subject to certain injury and liability risks normally associated with the operation and possible malfunction of brewing and packaging equipment. We currently maintain general liability insurance, which includes liquor liability coverage, currently limited to \$1,000,000 per occurrence and \$2,000,000 in the aggregate annually. While we believe these general liability insurance limits are adequate, there can be no assurance that future claims may not exceed those limits. Further, future increases in premiums could make it prohibitive for us to maintain adequate insurance. A large uninsured or underinsured damage award could force us to discontinue operations.

Shifting public attitudes toward alcohol consumption may impact revenues.

The alcoholic beverage industry has become the subject of considerable societal and political attention in recent years due to increasing public concern over alcohol-related social problems including drunk driving, underage drinking, and health consequences from the misuse of alcohol, including alcoholism. In addition, a number of anti-alcohol groups are advocating increased governmental action on a variety of fronts unfavorable to the beer industry, including the legislation of new labeling or packaging requirements and restrictions on advertising and promotion that could adversely affect the sale of our products. If beer consumption in general were to come into disfavor among domestic consumers, or if the domestic beer industry were subjected to significant additional governmental regulations, our business could be materially adversely affected. In addition, there can be no assurance that the operations of our brewery will not become subject to increased taxation by federal or state agencies, which may materially and adversely affect our operations, revenues and potential profitability. Congress and many state legislatures are

considering various proposals to impose additional excise taxes on the production and sale of alcoholic beverages, including beer.

13

Some of the excise tax rates being considered are substantial. Restrictions on the sale and consumption of beer or increases in the retail cost of beer due to increased governmental regulations, taxes or otherwise, could materially and adversely impact sales and erode our margins.

Supply shortages could adversely affect our business.

Shortages or increased costs of fuel, water, raw materials or power, or allocations by suppliers could restrict the operations of our brewery. We do not have any long-term contracts for our supplies.

While we attempt to use organic hops wherever possible, many forms of hops are not available organically. In the United States, only one type of hops are organically grown. All other organically-grown hops must be purchased from foreign sources, and those quantities are limited. As a result, the limited supply of organic hops limits our possible production of 100% organic microbrews. This limited supply impairs our ability to exploit our competitive advantage over non-organic microbrewers. In addition, if we experience difficulty or inability to acquire the particular hops needed for a production run, we may be forced to curtail production and lose potential revenues.

Our directors, executive officers and key employees lack significant brewing experience or experience running brewing operations.

None of our executive officers or directors have any significant experience running brewing operations or other brewing experience. We rely on the services of our general manager and brewer, each of whom is an at will employee and may voluntarily terminate his employment at any time. Should we lose the services of either of these individuals, our operations could experience a material interruption and associated financial losses.

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Determination Of Offering Price

The offering price of the shares being offered hereby was arbitrarily determined by us and is not necessarily related to our assets, book value or financial condition. In determining the offering price and the number of shares to be offered, we considered such factors as our financial condition, our net tangible book value, limited operating history and general condition of the securities market. Accordingly, the offering price of the shares may not indicate the actual value of our securities.

There currently exists no public trading market for our common stock, and we cannot assure you that such a market will develop in the future. In the absence of an active public trading market, an investor may not be able to liquidate his investment without considerable delay, if at all. If a market does develop, the price for our securities may be highly volatile and may bear no relationship to our actual financial condition or results of operation.

If our securities are not quoted on the OTC Electronic Bulletin Board, they may be quoted in the "pink sheets" maintained by the Pink Sheets, LLC, which reports quotations by brokers or dealers making a market in particular securities. We have no agreement with any other broker or dealer to act as a market maker for our securities and there is no assurance that we will be successful in obtaining any market makers. The lack of a market maker for our securities could adversely influence the market for and price of our securities, as well as your ability to dispose of, or to obtain accurate quotations as to the price of, our securities.

Use of Proceeds

The net proceeds to us from the sale of the shares after deducting offering expenses, are expected to be approximately \$150,000 if the minimum number of 400,000 shares are sold at an offering price of \$.50 per share, \$300,000 if the median number of 700,000 shares or sold, or \$450,000 if the maximum number of 1,000,000 shares are sold.

These proceeds are intended to be utilized substantially in the dollar amounts and percentage of total proceeds set forth below.

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<u>Application of proceeds</u>	<u>Minimum</u>	<u>%</u>	<u>Median</u>	<u>%</u>	<u>Maximum</u>	<u>%</u>
Repayment of debt	\$100,000	66.7%	\$150,000	50%	\$200,000	44.4%
Working capital	\$50,000	33.3%	\$150,000	50.0%	\$250,000	55.6%

"Repayment of Debt." Will consist of payments of delinquent accounts payable of Butte Creek, including payroll taxes (with interest accruing at 6%), California Redemption Value Taxes (with interest accruing at 6%) and fees owed to the TBB and California Alcohol Beverage Control (with interest accruing at 6%) in the aggregate amount of \$75,000. We will also repay to two of our directors, Mr. J. Andrew Moorer and Mr. John Power \$25,000 in partial repayment of advances they have extended to the Company.

"Working capital" includes costs associated with the following expenditures necessary for our ongoing operations, including:

- Rent
- Utilities
- Employee salaries and benefits
- Professional and consulting fees
- Marketing expansion, including engaging new distributors in new territories

We cannot predict the exact amounts and mix that will be allocated to these categories.

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The amounts set forth above represent our best estimate for the use of the net proceeds of this offering in light of current circumstances. However, actual expenditures could vary considerably depending upon many factors, including, without limitation, changes in economic conditions, unanticipated complications, delays and expenses, or problems relating to the development of additional products and/or market acceptance for our products and services. Other factors and contingencies that could impact actual use of proceeds would include the need to service debt in order to preserve our assets which are pledged as collateral for the repayment of that debt, should the need arise. Any reallocation of the net proceeds of the offering will be made at the discretion of our Board of Directors but will be to preserve our assets or in furtherance of our strategy to achieve growth and profitable operations through the development of our products and expansion of our marketing efforts. Our working capital requirements are a function of our future growth and expansion, neither of which can be predicted with any reasonable degree of certainty. We may need to seek funds through loans or other financing arrangements in the future, and there can be no assurance that we will be able to make these arrangements in the future should the need arise.

Pending our use of the net proceeds of the offering, the funds will be invested temporarily in certificates of deposit, short-term government securities, or similar investments. Any income from these short-term

15

investments will be used for working capital.

The net proceeds from this offering, together with internally generated funds and funds on hand at the time of the offering, based on historical experience, are expected to be adequate to fund our working capital needs for at least the next five months if only the minimum proceeds are received, or for the next 12 months if the maximum proceeds are received.

16

Dividend Policy

We have not declared or paid cash dividends on our common stock in the preceding two fiscal years. We currently intend to retain all future earnings, if any, to fund the operation of our business, and, therefore, do not anticipate paying dividends in the foreseeable future. Our Board of Directors will determine whether any cash dividends will be declared in the future.

17

Pro Forma Capitalization

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The following table sets forth our pro forma capitalization as of March 31, 2005, giving retroactive effect to our acquisition of Butte Creek as of that date. This section should be read in conjunction with the consolidated financial statements and pro forma financial information and related notes contained elsewhere in this prospectus.

	<u>Unadjusted</u>	<u>As of March 31, 2005</u>	
		<u>As Adjusted⁽¹⁾</u>	
		<u>Minimum</u>	<u>Maximum</u>
Stockholders' Equity:			
Common Stock, \$.0001 par value,			
20,000,000 shares authorized;			
1,620,000 shares issued and			
outstanding at March 31,			
2005; 2,220,000 shares issued			
and outstanding, as adjusted,			
assuming the minimum			
number of shares are sold;			
2,820,000 shares issued and			
outstanding, as adjusted,			

assuming the maximum number of shares are sold ⁽¹⁾ (4)	162	222	282
Preferred Stock, \$.0001 par value, 5,000,000 shares authorized; no shares issued and outstanding at March 31, 2005.	-	-	-
Capital in excess of par value	364,838	564,818 ⁽²⁾	864,818 ⁽³⁾
Accumulated (deficit)	<u>(72,451)</u>	<u>(72,451)</u>	<u>(72,451)</u>
Stockholders equity	292,549	492,589	792,649

(1)

Does not include up to 500,000 shares reserved for issuance pursuant to the Company's 2004 Equity Incentive Plan.

(2)

Assumes the sale of the minimum offering of 400,000 shares of common stock for net proceeds of \$150,000.

(3)

Assumes the sale of the maximum offering of 1,000,000 shares of common stock for net proceeds of \$450,000.

(4)

Assumes we issue 200,000 shares in connection with the acquisition of Butte Creek. Actual number of shares is subject to adjustment, although it is our present intent to waive any required adjustments.

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18

Dilution

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At March 31, 2005, we had a historical pro forma net tangible book value deficit of \$360,698 or \$.20 per share, based upon 1,820,000 shares of common stock outstanding. Pro forma net tangible book value per share is determined by dividing the number of outstanding shares of common stock into our pro forma net tangible book value, meaning total assets less total liabilities, and then subtracting capitalized offering costs.

If we sell all 1,000,000 shares that we are offering, of which there is no assurance, after deducting \$50,000 of estimated offering expenses, the adjusted pro forma net tangible book value as of March 31, 2005, would have been \$810,698 or \$.29 per share of common stock, based upon 2,820,000 shares outstanding. This represents an immediate increase in pro forma net tangible book value of \$.09 per share to current stockholders and an immediate decrease of \$.21 per share to you as an investor in our offering. To the extent fewer shares are sold in the offering, the dilution to investors will be greater.

If we sell the median of 700,000 shares, of which there is no assurance, after deducting \$50,000 of estimated offering expenses, the adjusted pro forma net tangible book value as of March 31, 2005, would have been \$660,698,

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or \$.26 per share of common stock, based upon 2,520,000 shares outstanding. This represents an immediate increase in pro forma net tangible book value of \$.06 per share to current stockholders and an immediate decrease of \$.24 per share to you as an investor in our offering.

If we sell the minimum of 400,000 shares, of which there is no assurance, after deducting \$50,000 of estimated offering expenses, the adjusted pro forma net tangible book value deficit as of March 31, 2005, would have been \$510,698 or \$.23 per share of common stock, based upon 2,220,000 shares outstanding. This represents an immediate increase in pro forma net tangible book value of \$.03 per share to current stockholders and an immediate decrease of \$.27 per share to you as an investor in our offering.

The following table illustrates the per share dilution, assuming (i) 400,000 shares are sold in our offering; and (ii) all 1,000,000 shares are sold:

	<u>Minimum</u>	Median	<u>Maximum</u>
Public offering price per share of common stock	\$.50	\$.50	\$.50
Pro forma net book value deficit per share of common stock before offering	\$.20	\$.20	\$.20
Increase per share of common stock attributable to present stockholders	\$.03	\$.06	\$.09
Decrease per share of common stock attributable to new investors	\$.27	\$.24	\$.21
Dilution per share as a percent	54%	48%	42%

These numbers do not include up to 500,000 shares reserved for issuance pursuant to our 2004 Equity Incentive Plan. There are currently no outstanding options or other rights to purchase shares of common stock under the Plan.

19

The following table sets forth, as of June 1, 2005, the number of shares of common stock that have been purchased, or that may be purchased under outstanding options by affiliated shareholders only, assuming for this purpose that all such options have been exercised, the percentage of total consideration paid, and the average price per share paid by (i) our officers, directors, promoters, and affiliated persons (ii) all present shareholders; and (iii) investors purchasing shares in this offering.

Assuming 400,000 shares are sold:

	<u>Shares Purchased</u>		<u>Total Consideration</u>		<u>Average</u>
	<u>Number</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>	<u>Price</u> <u>Per Share</u>
Affiliated shareholders ¹	828,000	37.3%	\$157,000	27.8%	\$0.19

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All present shareholders	1,820,000	82.0%	\$365,000	64.6%	\$0.20
New investors	<u>400,000</u>	<u>18.0%</u>	<u>\$200,000</u>	<u>35.4%</u>	<u>\$0.50</u>
Total	2,220,000	100.0%	\$565,000	100.0%	\$0.25

Assuming 700,000 shares are sold:

	<u>Shares Purchased</u>		<u>Total Consideration</u>		<u>Average</u>
	<u>Number</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>	<u>Price</u>
					<u>Per Share</u>
Affiliated shareholders ¹	828,000	32.9%	\$157,000	22.3%	\$0.19
All present shareholders	1,820,000	72.2%	\$365,000	51.0%	\$0.20
New investors	<u>700,000</u>	<u>27.8%</u>	<u>\$350,000</u>	<u>49.0%</u>	<u>\$0.50</u>
Total	2,520,000	100%	\$715,000	\$100%	\$0.28

Assuming 1,000,000 shares are sold:

	<u>Shares Purchased</u>		<u>Total Consideration</u>		<u>Average</u>
	<u>Number</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>	<u>Price</u>
					<u>Per Share</u>
Affiliated shareholders ¹	828,000	29.4%	\$157,000	18.2%	\$0.19
All present shareholders	1,820,000	64.5%	\$365,000	42.2%	\$0.20
New investors	<u>1,000,000</u>	<u>35.5%</u>	<u>\$500,000</u>	<u>57.8%</u>	<u>\$0.50</u>
Total	2,820,000	100.0%	\$865,000	100.0%	\$0.31

(1)

Includes 200,000 shares of common stock issuable to Butte Creek Brewing Co., LLC in connection with the acquisition.

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Information about the Market for Our Securities

There currently exists no public trading market for our securities. We do not intend to develop a public trading market until our offering has terminated. There can be no assurance that a public trading market will develop at that time or be sustained in the future. Without an active public trading market, you may not be able to liquidate your investment without considerable delay, if at all. If a market does develop, the price for our securities may be highly volatile and may bear no relationship to our actual financial condition or results of operations. Factors we discuss in this prospectus, including the many risks associated with an investment in us, may have a significant impact on the market price of our common stock. Also, because of the relatively low price of our common stock, many brokerage firms may not effect transactions in the common stock.

In addition, it is likely that our common stock will be subject to rules adopted by the Commission regulating broker dealer practices in connection with transactions in "penny stocks." Those disclosure rules applicable to penny stocks require a broker dealer, prior to a transaction in a penny stock not otherwise exempt from the rules, to deliver a standardized risk disclosure document prepared by the Commission. That disclosure document advises an investor that investment in penny stocks can be very risky and that the investor's salesperson or broker is not an impartial advisor but rather paid to sell the shares. The disclosure contains further warnings for the investor to exercise caution in connection with an investment in penny stocks, to independently investigate the security, as well as the salesperson with whom the investor is working and to understand the risky nature of an investment in this security. The broker dealer must also provide the customer with certain other information and must make a special written determination that the penny stock is a suitable investment for the purchaser and receive the purchaser's written agreement to the transaction. Further, the rules require that, following the proposed transaction, the broker provide the customer with monthly account statements containing market information about the prices of the securities.

21

Safe Harbor for Forward-looking Statements

In General

This prospectus contains statements that plan for or anticipate the future. In this prospectus, forward-looking statements are generally identified by the words "anticipate," "plan," "believe," "expect," "estimate," and the like. These forward-looking statements include, but are not limited to, statements regarding the following:

- * our product and marketing plans
 - * consulting and strategic business relationships;
 - * statements about our future business plans and strategies;
 - * anticipated operating results and sources of future revenue;
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