DROMANA ESTATE LIMITED

ABN 58 090 000 278

Registered Office: Level 6, 412 Collins Street, Melbourne, 3000

Phone: 61 3 9600 3242 Facsimile: 61 3 9600 3245

NOTICE OF MEETING AND EXPLANATORY MEMORANDUM

NOTICE OF MEETING

Notice is hereby given that a General Meeting of Dromana Estate Limited ("Dromana") will be held at Morgans at 401, 401 Collins Street, Melbourne, 3000, Australia, on Friday July 8 2005 at 10.30am. (Melbourne time).

SPECIAL BUSINESS

Item 1 Approval to Issue Securities under Listing Rule 7.1

To consider, and if thought fit, pass the following resolution as an ordinary resolution:

"That for the purposes of Listing Rule 7.1 of Australian Stock Exchange Limited ("**ASX**"), approval is given to the issue of:

(a) 6,675,698 ordinary shares and 15,197,413 options to Phillips Newman and Company Limited, and

(b) 433,333 convertible notes to DM Private Equity (2004) Limited.

in each case on the terms set out in the Explanatory Memorandum which accompanies, and forms part of, this Notice of Meeting.

Item 2 Approval to Issue Convertible Notes to Directors under Listing Rule 10.11

To consider, and if thought fit, pass the following resolution as an ordinary resolution:

"That for the purposes of Listing Rule 10.11 of ASX, approval is given to the issue of 433,333 convertible notes to Twelfth Vilmar Pty Ltd, 433,333 convertible notes to Harvard Nominees Pty Ltd and 433,333 convertible notes to Richard and Isabella Green, in each case on the terms set out in the Explanatory Memorandum which accompanies, and forms part of, this Notice of Meeting."

Voting Exclusion Statement

Dromana will disregard any votes cast on Resolution 1 by:

- Phillips Newman & Company Limited or DM Private Equity (2004) Limited; or
- Any associate of Phillips Newman & Company Limited or DM Private Equity (2004) Limited

Dromana will disregard any votes cast on Resolution 2 by:

- Twelfth Vilmar Pty Ltd, or any associate of Twelfth Vilmar Pty Ltd ;
- Harvard Nominees Pty Ltd, or any associate of Harvard Nominees Pty Ltd; and
- Richard Green or his wife, Isabella Green, or any associate of either Richard Green or Isabella Green.

Exception to Voting Exclusion Statement

Dromana need not disregard a vote in accordance with the above voting exclusion statement if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions of the proxy form; or
- it is cast by a person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

By Order of the Board

Chris Ritchie
Company Secretary
June 6, 2005

NOTES

1. Voting Entitlements

In accordance with Regulation 7.11.37 of the Corporations Regulations 2001, all Dromana shares will be taken, for the purposes of this General Meeting, to be held by the persons who hold them at 7:00 pm on Wednesday 6 July 2005. Only those persons will be entitled to vote at the General Meeting on Friday 8 July 2005.

2. Proxies

(a) A member of Dromana has the right to appoint a proxy. A proxy need not be a member of Dromana.

(b) A member is entitled to appoint not more than two proxies to attend and vote on behalf of such member.

(c) A member entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If the proportion or number of votes that each proxy may exercise is not specified then each proxy may exercise half of the votes (any fractions will be disregarded).

(d) A proxy document or form is valid if it is signed by the member of Dromana making the appointment and contains the member's address, Dromana's name, the proxy's name or the name of the office held by the proxy and the meeting at which the appointment may be used and is received in accordance with notes (e) and (f) below.

(e) For the appointment of a proxy, the proxy form enclosed with this Notice of Meeting and Explanatory Memorandum may be used. In order for the appointment of a proxy to be valid, the proxy form must be received no later than 5.00 pm on Thursday July 7 2005. If the proxy form is signed by the appointor's attorney, the authority (or certified copy of the authority) under which the appointment was signed must be received no later than 5.00 pm on Thursday July 7 2005.

(f) Duly signed proxy forms (and, if applicable, authorities) must be received by Dromana either:

at the Registered Office of Dromana:
Level 6, 412 Collins Street, Melbourne, 3000; or

at Dromana's share registry:
Computershare Investor Services Pty Limited,
Yarra Falls, 452 Johnston Street, Abbotsford, Victoria 3067; or

by facsimile at either of the following fax numbers:
61 3 9600 3245 (Dromana); or
61 3 9473 2555 (Computershare Investor Services Pty Limited).

(g) In the case of joint holders of shares any one of such persons may vote at any meeting as if he were solely entitled thereto, but if more than one of such joint holders tenders a vote the vote of the senior who tenders a vote whether in person or by proxy or by attorney or howsoever shall be accepted to the exclusion of the votes of the other joint holders and for this purpose seniority shall be determined by the order in which the names stand in the register of members.

(h) If a member is a corporation and wishes to appoint a proxy, the proxy form must be executed under its common seal or, in the absence of a common seal, must be signed by:

- two directors of the corporation; or
- a director and a company secretary of the corporation; or
- if the corporation is a proprietary company that has a sole director who is also the sole company secretary – that director; or
- the corporation's appointed attorney under the power of attorney.

(i) If a representative of the corporation is to attend the General Meeting, the appropriate "Certificate of Appointment of Representative" should be produced prior to admission. A form of the certificate may be obtained from the Dromana share registry.

DROMANA ESTATE LIMITED

ABN 58 090 000 276

Registered Office: Level 6, 412 Collins Street, Melbourne, Victoria, 3000

Phone: +61 3 9600 3242 Facsimile: +61 3 9600 3245

PROXY FORM – GENERAL MEETING

Security Holder

Security Holder Reference Number

I/We, being a member of Dromana Estate Limited and entitled to attend and vote, appoint:

Proxy Name	Proxy Address
....	....

or failing that person or if no other appointee is named, the chairperson of the meeting as my/our proxy to vote for me/us on my/our behalf at the General Meeting of the Company to be held at Morgans at 401, 401 Collins Street Melbourne on Friday July 8 2005 at 10.30am and any adjournment of that meeting.

VOTING INSTRUCTIONS TO PROXY

If you wish to direct your proxy how to vote please place a tick in the appropriate box below.

In the absence of specific instructions your proxy will be entitled to vote as your proxy thinks fit, or abstain from voting.

If the Chairman of the Meeting is your nominated proxy, or may be appointed by default and you have not directed your proxy how to vote on Items 1 & 2 below, please place a mark in this box. By marking this box you acknowledge that the Chairman of the Meeting may exercise your proxy even if he has an interest in the outcome of those items and that votes cast by him, other than as proxy holder, would be disregarded because of that interest. If you do not mark this box, and you have not directed your proxy how to vote the Chairman of the meeting will not cast your votes on Items 1 & 2 and your votes will not be counted in computing the required majority if a poll is called on these items. The Chairman of the Meeting intends to vote undirected proxies in favour of each of these items.

		For	Against	Abstain
Item 1.	Approval to Issue Securities to Phillips Newman & Co Limited And DM Private Equity (2004) Limited			
Item 2.	Approval to Issue Convertible Notes to Directors for the purpose of Listing Rule 10.11			

Signature of Security holder/s (signing instructions – see overleaf)		Companies only Executed in accordance with the Company's Constitution		
______________________________	________	____________________________________		Common Seal
Signature	Date	Director / Sole Director & Sole Secretary		
______________________________	________	__________________________	______	
Signature	Date	Director / Secretary	Date	

Please advise a daytime telephone number where we may reach you if we have any queries with this form. ______________________

Note on completion of Proxy Form:

(1) A member entitled to attend and vote at a meeting of the Company is entitled to appoint a person as the member's proxy to attend and vote for the member at the meeting.

A member entitled to cast two or more votes at the meeting may appoint two proxies. An appointment of more that one proxy is valid only if a separate proxy form is used to appoint each proxy. The appointment may specify the proportion or number of votes that each proxy may exercise. If the member appoints two proxies and the appointment does not specify the proportion or number of the member's votes each proxy may exercise half of the votes. Additional proxy forms are obtainable from the registered office of the company.

(2) The instrument appointing a proxy must be signed by the Appointer or by an Attorney duly authorised in writing, or, if the Appointer is a corporation, executed in accordance with the Corporations' Constituent documents or as authorised by the Corporations Law.

(3) A proxy need not be a member of the Company.

(4) In the case of joint holders the proxy form may be signed by any one holder.

(5) If signing for a corporation as a Sole Director/Secretary, please ensure "Director" and "Director / Secretary" are crossed out.

(6) Duly signed proxy forms (and, if applicable, authorities) must be received by Dromana either:

At the Registered Office at Level 6, 412 Collins Street, Melbourne 3000 or at Dromana's share registry, Computershare Investor Services Pty Ltd 452 Johnston Street, Abbotsford 3067.

Or by facsimile at either of the following fax numbers:
03 9600 3245 (Dromana); or
03 9473 2555 (Computershare)

EXPLANATORY MEMORANDUM FOR THE GENERAL MEETING TO BE HELD ON Friday July 8 2005

Resolution 1

Rule 7.1 of the Australian Stock Exchange Listing Rules prohibits a company from issuing securities (which include shares, options and convertible notes) which represent more than 15% of its ordinary equity in any 12 month period without shareholder approval, except in certain specified circumstances.

The securities to be issued to Phillips Newman & Company Limited ("**Phillips Newman**") and DM Private Equity (2004) Limited represent more than 15% of Dromana's ordinary shares on issue, and so require shareholder approval.

Phillips Newman is part of the Unwins Wine Group and has been importing branded champagne, wine and spirits into the UK for over 100 years. Unwins was founded in 1843, and operates a chain of 381 branded off licence stores in the south east of England, employing over 2,100 staff. Unwins has annual turnover of over £150 million (A$357 million converted at the exchange rate at the date of this Notice of Meeting of 0.4199).

Phillips Newman has agreed to distribute Dromana products in certain markets around the world. Some markets are excluded, such as Australia and New Zealand where Dromana will continue its present distribution arrangements. In some of Dromana's existing export markets, Dromana and Phillips Newman will operate on a co-operative basis.

Phillips Newman has agreed to order a minimum of $6 million of Dromana product over the 3 year term of the agreement, including a minimum of $2 million in each of those years

Dromana has agreed to provide a rebate to Phillips Newman on the price paid to Dromana for the products ordered. The rebate is a contribution to marketing and promotional expenses and similar amounts suppliers pay to distributors in the usual course of business. Phillips Newman has agreed to apply the whole of such rebate amounts to subscribe for ordinary shares in Dromana (**Rebate Shares**). This will maximise the cash received by Dromana. A total of up to 6,675,698 Rebate Shares will be issued at a price of 25 cents per share, on the basis that the rebate on each order placed by Phillips Newman will be applied as the full subscription price for Rebate Shares. The rebate on bottled products will be 25% of the value of the product ordered, which is within the range a supplier of Dromana's size would expect to allow on orders of these quantities.

The Rebate Shares will be issued on the same terms and conditions, and will rank equally with, the ordinary fully paid shares in the Company, except that they will rank for dividends in the financial year in which they are issued on a pro rata basis from their date of issue.

Dromana will apply to ASX and the AIM Market of the London Stock Exchange ("AIM") for official quotation of the Rebate Shares as ordinary shares within 3 business days of their issue.

If the distribution agreement is terminated prior to its initial 3 year term, Phillips Newman shall retain those Rebate Shares issued to it.

Dromana proposes to also issue options to Phillips Newman. The options will have an exercise price of 25 cents per share, and will expire on 30 June 2010. However, the options will only be exercisable in the same proportion as the number of shares issued to Phillips Newman bears to the maximum number of shares which may be issued to Phillips Newman. For example, if 50% of the maximum number of shares have been issued, 50% of the options will be exercisable. The options will otherwise be issued on the terms set out in Schedule 1. If the options are exercised, Dromana will receive further working capital.

DM Private Equity (2004) Limited indirectly holds 100% of the share capital of Phillips Newman. DM Private Equity (2004) Limited will subscribe for the convertible notes at an issue price of $1.00 per note. Apart from the issue price, the notes will be issued on the same terms as the notes the subject of Resolution 2.

The $433,333 to be raised by the issue of the notes will be used as additional working capital.

The Rebate Shares will be issued, if shareholders approve, progressively in accordance with the terms of the Distribution Agreement with Phillips Newman, as rebates accrue, and in any event no later than 3 years after the date of the meeting.

The options and convertible notes will be issued within 3 months of the date of the meeting.

Resolution 2

On 15 March of this year, shareholders approved the assignment of the fixed and floating charge given by the Company to Rabo Australia Limited (**Rabo**) to Twelfth Vilmar Pty Ltd.

Twelfth Vilmar had previously acquired from Rabo the facility agreement under which Rabo had advanced $1.3 million to Dromana.

Twelfth Vilmar is a company associated with Mr Geoff Bell, a director of Dromana, and holds the benefit of the loan and the fixed and floating charge for itself, Harvard Nominees Pty Ltd (a company associated with David Craig) and Richard Green and his wife ("**Lenders**"). Mr Craig and Mr Green are both also directors of Dromana, and as such these parties are deemed to be related parties, including for the purposes of the AIM Rules of the London Stock Exchange.

The independent director considers, having consulted with the Company's nominated adviser in relation to its listing on AIM, that the terms of the transaction are fair and reasonable insofar as its shareholders are concerned.

The loan of $1.3 million is currently repayable by Dromana on 6 months' notice.

It is proposed that the facility agreement be cancelled, and that, as consideration for its cancellation, the Lenders be issued the convertible notes the subject of Resolution 2. The fixed and floating charge will remain in place as security for Dromana's obligations to pay interest on the notes, and to redeem them (if the notes are not converted) at maturity, both in respect of those held by the directors and those issued to DM Private Equity (2004) Limited as above.

The notes will have a face value of $1.00 each and each note will be convertible, at any time at the option of the holder, into 4 shares, subject to adjustment for bonus or rights issues, or capital reorganisations.

Interest on the notes will be payable at the bid rate shown on Reuters screen page 'BBSY' at about 10.10 am Sydney time on the first day of each quarter, plus 2%. This is 1% higher than the interest payable under the existing facility agreement. (The bid rate as at the date of this Notice of Meeting was 5.71%.)

Although the interest rate is higher, the maturity date of the notes will be 1 July 2007, so Dromana has the comfort of knowing that (except in the event of a default) it will not be required to repay the $1.3 million prior to that date. As stated above, the existing facility can be called on 6 months' notice.

Moreover, if the notes are converted rather than redeemed at maturity. Dromana will not be required to repay the $1.3 million.

The notes will not be quoted on any Stock Exchange.

The notes will be issued, if shareholders approve, immediately following the meeting.

No further funds will be raised by the issue.

Schedule 1

Terms of Issue of Options

1. Each Option entitles the holder to subscribe for one ordinary fully paid share in the capital of the Company.
2. The Options are exercisable at AUD $0.25 cents per share.
3. Subject to paragraph 4, the Options may be exercised at any time.
4. The Options may be exercised only in such number as will, taken as a proportion of the total number of options issued on these terms, equal the proportion to which the maximum, total number of "Rebate Shares" to be issued to Phillip Newman under the Distribution Agreement are, contemporaneously with the issue of the Options, issued..
5. The Options will expire on 30 June 2010.
6. The holder may exercise the Options in whole or in part, provided that any exercise of Options must be in multiples of 10,000.
7. An Option may be exercised by the holder giving notice in writing to the Company, together with the exercise price paid by cheque or in such other manner as the Company determines to accept.
8. The date of exercise of an Option will be the date on which notice of exercise of the Option is received by the Company.
9. The Options will not be listed on any Stock Exchange.
10. The Options are transferable, with the consent of the Directors of the Company, which shall not be unreasonably withheld.
11. Shares issued on the exercise of Options will be issued on the same terms and conditions, and will rank equally with, the ordinary fully paid shares in the Company, except that they will rank for dividends in the financial year in which they are issued on a pro rata basis from their date of issue.
12. The Company will apply to Australian Stock Exchange Limited ("**ASX**") and the AIM market of the London Stock Exchange **("AIM")** for official quotation of shares issued on the exercise of Options within 3 business days of their issue.
13. In the event of any reorganisation of the Company's capital, the rights of an Option holder will be changed to the extent necessary to comply with the Listing Rules of ASX applying to a reorganisation of capital at the time of the reorganisation.
14. Options will not entitle the holder to participate in any new pro rata issues by the Company which are extended to shareholders without exercise of the Options.