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December 1, 2005

STOCK EXCHANGE ANNOUNCEMENT / PRESS RELEASE

Australian Stock Exchange Limited
530 Collins Street
Melbourne 3000

London Stock Exchange plc
10 Paternoster Square,
London, EC4M 7LS

Update on relationship with Phillips Newman & Co Limited and Unwins Wine Group

The company wishes to clarify its position in regard to its Distribution Agreement with Phillips Newman & Co Limited given recent adverse publicity of the Unwins group in the UK press.

It is disappointing that to date Phillips Newman have not met their obligations under several agreements with Dromana. Dromana has shipped the first two orders, but has not received payment for the first shipment and the second shipment is due to paid in early December.

Dromana has received a part payment in regard to a Convertible Note agreement from an entity associated with Phillips Newman. The balance of the convertible note as of the date of this announcement remains unpaid.

Dromana has ceased shipping any further orders until the situation is resolved.

Whilst the ceasing of shipping will lead to a reduction in sales revenue for this financial year, the company has already taken appropriate action to minimise the impact on the budgeted operating result for the current financial year. These actions include sourcing alternative distribution channels as well as not proceeding with or deferring expenditure that was dependant upon the Phillips Newman contract.

The company looks forward to resolving the situation in a positive manner for both Dromana and Phillips Newman.

Senior Management Appointment
The company wishes to announce that following his initial review, it has appointed Mr. Bill Gryst as General Manager – Sales & Marketing on a contract basis to undertake a review of the company's overall business plan.

Mr Gryst has over 30 years experience in the wine industry having held senior positions with both Southcorp and BRL Hardy's. More recently he has worked as a consultant to smaller wineries assisting with their business development.

Memorandum of Understanding – Hotel / Conference Centre
The company also wishes to announce that the Tuerong Park Unit Trust of which Dromana is a significant shareholder has signed a Memorandum of Understanding with the Genser group concerning the development of a Resort, Conference Centre and Day Spa at Tuerong Park on the Mornington Peninsula in Victoria. It is expected that plans will be lodged with the local shire council for approval within the next few weeks.

Settlement of legal case with former director and associates.
The company wishes to advise that it has reached agreement with a former director of the company and his associates in regard to a long running dispute. The settlement involves Dromana receiving additional units in the Tuerong Park Unit Trust, Dromana issuing ordinary shares to several former unitholders of the unit trust and a company associated with the former director entering into a wine purchase agreement with Dromana.

Dromana will enter into an agreement with the Tuerong Park Unit Trust to cancel the units received by Dromana as part repayment of loans made by the unit trust to Dromana.

Annual General Meeting
The Annual General Meeting of the company was held yesterday, the 30th of November 2005 at Tuerong Park on the Mornington Peninsula. The Chairman introduced the directors to the meeting and informed shareholders that the Audit Partner and Audit Manager of the company's Auditors were in attendance.

The Chairman invited shareholders to ask questions to either the board or the auditors on issues related to the Annual Report. As no questions were forthcoming the Chairman progressed to the motions that required shareholder approval as listed on the agenda for the meeting.

As required by Section 251AA(2) of the Corporations Act, the following statistics are provided in respect of each motion on the Agenda of the Dromana Estate Limited Annual General Meeting. In respect to each motion the total number of votes exercisable by all validly appointed proxies was:

Item 2 Adoption of the Remuneration Report for the year ended 30 June 2005

"That the Remuneration report required by section 300A of the Corporations Act, as contained in the Directors Report of the Company for the year ended 30 June 2005 be adopted"

Votes where the proxy was directed to vote "for" the resolution	12,428,851
Votes where the proxy was directed to vote "against" the resolution	100,161
Votes where the proxy was directed to vote "abstain" on the resolution	NIL

The motion was carried on a show of hands as an ordinary resolution.

Item 3 Election of Director

"Mr D G Traeger retires by rotation under the Company's Constitution, is eligible and offers himself for re-election"

Votes where the proxy was directed to vote "for" the resolution	9,397,518
Votes where the proxy was directed to vote "against" the resolution	56,861
Votes where the proxy was directed to vote "abstain" on the resolution	3,076,701

The motion was carried on a show of hands as an ordinary resolution.

Item 4 Election of Director

"Mr D.H.A. Craig retires by rotation under the Company's Constitution, is eligible and offers himself for re-election"

Votes where the proxy was directed to vote "for" the resolution	9,183,353
Votes where the proxy was directed to vote "against" the resolution	116,697
Votes where the proxy was directed to vote "abstain" on the resolution	21,667

The motion was carried on a show of hands as an ordinary resolution.

Chris Ritchie
Company Secretary