DROMANA ESTATE LIMITED

ABN 58 090 000 276

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

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

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of Dromana Estate Limited ("Company or DMY") will be held at the Dromana Estate Winery, 555 Old Moorooduc Road, Tuerong 3933, on Tuesday November 28, 2006 at 10.00am.

BUSINESS

ORDINARY BUSINESS

Item 1. Accounts & Reports

To receive and consider the Declaration and Report of the Directors, the Report of the Auditor, and the Accounts for the year ended 30 June 2006.

Item 2. Adoption of the Remuneration Report for the year ended 30 June 2006

To consider, and put to a non-binding vote, the following resolution:

"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 2006 be adopted."

Item 3. Election of Director

"That Mr. R.R. Green, who retires by rotation under the Company's Constitution, is eligible and offers himself for re-election, be re-elected as a Director of the Company."

SPECIAL BUSINESS

Item 4. Approval to issue ordinary shares to a Director

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

"That for the purpose of Listing Rule 10.11, of ASX approval is given to the issue of 200,000 ordinary shares Mr. R.R. Green, on the terms set out in the Explanatory Memorandum, which accompanies, and forms part of, this Notice of Meeting."

Item 5. **Approval to issue ordinary shares to a Director**

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

"That for the purpose of Listing Rule 10.11, of ASX approval is given to the issue of 200,000 ordinary shares Mr. D.H.A. Craig, on the terms set out in the Explanatory Memorandum, which accompanies, and forms part of, this Notice of Meeting."

Item 6. **Approval to issue ordinary shares to a Director**

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

"That for the purpose of Listing Rule 10.11, of ASX approval is given to the issue of 200,000 ordinary shares Mr. D.G. Traeger, on the terms set out in the Explanatory Memorandum, which accompanies, and forms part of, this Notice of Meeting."

Item 7. **Approval to issue ordinary shares to a Director**

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

"That for the purpose of Listing Rule 10.11, of ASX approval is given to the issue of 200,000 ordinary shares Mr. G.J. Bell, on the terms set out in the Explanatory Memorandum, which accompanies, and forms part of, this Notice of Meeting."

Item 8. **Subsequent Approval to Prior Issue of Securities for the Purpose of ASX Listing Rule 7.4**

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

"That for the purpose of Listing Rule 7.4 of ASX subsequent approval is given to the issue of 432,857 options with an exercise price of $0.15 per share exercisable at any time on or before June 30 2011 to Mr. W.F. Gryst."

Item 9. **Other Business**

To consider any other business that maybe properly brought before the meeting in accordance with the Company's Constitution.

EXPLANATORY MEMORANDUM

Further details of, and the reasons for, resolution 4, 5, 6, 7 and 8 are contained in the attached Explanatory Memorandum which should be read together with, and forms part of, this Notice of General Meeting.

SHAREHOLDERS WHO ARE ENTITLED TO VOTE

In accordance with Regulation 7.11.38 of the Corporations Regulations, the Board of DMY has determined that a person's entitlement to vote at the General Meeting will be the entitlement of that person set out in the Company's Share Register as at 5pm EST on Friday November 24, 2006.

VOTING EXCLUSION STATEMENTS

The Company will disregard any votes cast on resolution 4, 5, 6 and 7 by:

- Any Director of the Company; and
- Any associate of a Director

The Company will disregard any votes cast on resolution 8 by:

- Mr. W.F. Gryst; and
- Any associate of Mr. W.F. Gryst

However, the Company need not disregard a vote on any resolution if:

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

VOTING

A member of DMY can vote in either of two ways:

- by attending the meeting and voting in person or by attorney; or
- by appointing a proxy to attend and vote on their behalf

VOTING BY PROXY

- A member entitled to attend and vote at the General Meeting is entitled to appoint not more than two proxies.
- Where more than one proxy is appointed, each proxy must be appointed to represent a specified proportion of the member's voting rights.
- A proxy need not be a member of the Company
- A proxy appointed to attend and vote instead of a member has the same right as the member to speak and vote at the meeting on a show of hands and on a poll.
- Where a proxy is appointed by a member's attorney, the power of attorney together with evidence of non-revocation must be lodged with the proxy form.
- A proxy form appointing a proxy for a corporation must be executed in accordance with section 127 of the *Corporations Act*.

- Proxy forms (and the power of attorney (if any) under which they are signed or proof thereof to the satisfaction of the directors) must be lodged with the Company's share registry or at Level 6, 412 Collins Street, Melbourne not less than 48 hours before the time of the meeting. A reply paid envelope is enclosed for your use. Alternatively, and if received or recorded by the same time, proxy forms (and the power of attorney (if any) under which they are signed or proof thereof to the satisfaction of the directors) may be lodged by facsimile on 03 9600 3245.

- Members of DMY who return their proxy forms but do not nominate the identity of their proxy will be taken to have appointed the Chairman of the meeting as their proxy to vote on their behalf. If a proxy form is returned but the nominated proxy does not attend the meeting, the Chairman of the meeting will act in place of the nominated proxy and vote in accordance with any instructions, Subject to the Voting Exclusion Statement above, proxy appointments in favour of the Chairman of the meeting, the secretary or any director which do not contain a direction will be voted ion favour of the resolution.

- A form of proxy is enclosed with this Notice of General Meeting. An additional form will be supplied by the Company on request.

BY ORDER OF THE BOARD

Chris Ritchie
Company Secretary
October 25 2006

EXPLANATORY MEMORANDUM

Item 4, 5, 6, and 7 Approval to issue shares to Directors for the purpose of Listing Rule 10.11

The Company seeks shareholder approval to issue and allot 800,000 fully paid ordinary shares to its Directors as follows:

R.R. Green	200,000 fully paid ordinary shares
D.H.A. Craig	200,000 fully paid ordinary shares
D.G. Traeger	200,000 fully paid ordinary shares
G.J. Bell	200,000 fully paid ordinary shares

The Directors are currently entitled to receive Directors fees of $20,000 each per annum.

Fees have not been paid to the Directors for the past financial year.

Given the Company's cashflows, and the need to devote its funds to the building of the business, the Directors have no wish to diminish the Company's cash resources at this time. . Accordingly, the Directors have agreed, subject to shareholder approval, to take their remuneration for the last financial year in the form of fully paid ordinary shares.

The issue price of the shares will be 10 cents, which is a premium of 41% on the market price of the Company's shares at the time this Notice of Meeting was issued.

Listing Rules Approval

Listing Rule 10.11 prohibits the issue of securities to Directors of a listed company, except in certain circumstances (none of which apply in this case) without the approval of ordinary shareholders.

Terms of Issue

The maximum number of ordinary shares to be issued to Directors is 800,000.

The ordinary shares will be issued on the same terms as, and will rank equally with, the existing fully paid shares in the Company.

The ordinary shares will be issued in full satisfaction of each Director's entitlement to Directors' fees for the last financial year, and will relieve the Company of the liability to pay $80,000 in cash in Director's fees for that year.

Issue

The ordinary shares will be issued no more than 1 month after the date of the meeting,

Item 8 Subsequent approval to prior issue of equity securities for the purposes of Listing Rule 7.4

DMY seeks shareholder approval to an issue of 432,857 options with an exercise price of 15 cents and expiry date of 30 June 2006 to Mr. W.F. Gryst.

Rule 7.1 of ASX Listing Rules prohibits a company from issuing more than 15% of its ordinary equity in any 12 month period without shareholder approval, except in certain specified circumstances. The securities issued as part of the remuneration agreement of Mr. Gryst represent 0.87% of DMY's ordinary capital.

This issue would, under Listing Rule 7.1, operate to reduce DMY's ability to issue further equity securities in the 12 month period from the date of the issue. However, Listing Rule 7.4 provides that an issue of securities made without prior approval of shareholders will be treated as having been made with their prior approval (and so not restrict the Company's ability to issue further shares under Listing Rule 7.1) is shareholders subsequently approve the issue.

The number of securities for which subsequent approval is sought is 432,857 options over ordinary shares.

The options have an exercise price of 15 cents per share.

The options will expire on 30 June 2011.

The options will not be listed.

The shares converted from these options will rank equally with all other ordinary fully paid share in DMY, save that they will rank for dividends pro rata from their date of allotment.

The Company has agreed a remuneration agreement with Mr. Gryst that includes a cash component and an equity component. The 432,857 options of which subsequent approval is sought relates to the period 1 January 2006 to 30 June 2006.