



Dromana Estate Limited

2 February 2012

Dear Shareholder,

DROMANA RIGHTS ISSUE **NOTIFICATION TO INELIGIBLE SHAREHOLDERS**

As announced on the ASX on 2 February 2012, Dromana Estate Limited (**Dromana** or the **Company**) is in the process of undertaking a non-renounceable pro-rata rights issue (**Rights Issue**) to raise up to approximately \$753,029.

Under the Rights Issue, eligible shareholders may apply for 1 new Dromana ordinary share (**New Share**) for every 1 existing Dromana share held as at 5:00pm (WST) on 13 February 2012 (**Record Date**), at an offer price of \$0.01 per New Share (**Offer Price**).

The Rights Issue is fully underwritten by Cygnet Capital Pty Limited (the **Underwriter**).

The Rights Issue is being made by Dromana pursuant to an offer document in accordance with section 708AA of the Corporations Act 2001 (**Act**).

The Rights Issue is being made to Eligible Shareholders (as defined below).

Eligibility criteria

The restrictions upon eligibility under the Rights Issue are in place because of legal limitations on making or extending an offer of securities in some countries, the relatively small number of shareholders in those countries, the number and value of shares for which those shareholders would otherwise be entitled to subscribe and the potential cost of complying with regulatory requirements in those countries.

Dromana has determined, pursuant to Listing Rule 7.7.1(a) of the ASX Listing Rules and section 9A(3)(a) of the Act, that it would be unreasonable to make or extend offers to shareholders in countries outside of Australia and New Zealand under the Rights Issue. Accordingly, in compliance with ASX Listing Rule 7.7.1(b) and section 9A(3)(b) of the Act, Dromana wishes to advise you that it will not be extending the Rights Issue to you and you will not be able to apply for New Shares under the Rights Issue.

Shareholders who are eligible to participate in the Rights Issue (**Eligible Shareholders**) are shareholders who:

- (a) were registered as a holder of Shares as at 5:00pm (WST) on the Record Date (13 February 2012);
- (b) have a registered address on Dromana's share register in Australia or New Zealand; and

- (c) are eligible under all applicable securities laws to receive an offer under the Rights Issue without any requirement for a prospectus or other formal offer document to be lodged or registered.

Unfortunately, as you do not satisfy the eligibility criteria for an Eligible Shareholder, you will not be able to apply for New Shares.

You are not required to do anything in response to this letter. This notice is to inform you about the Rights Issue. This notice is not an offer to issue New Shares to you, nor an invitation for you to apply for New Shares.

Further information

If you have any questions in relation to any of the above matters, please contact Garry Bell (Company Secretary) on +61 3 9855 1700. For other questions, you should contact your stockbroker, accountant, taxation adviser, financial adviser or other professional adviser.

Yours sincerely

Gabriel Chiappini
Chairman
DROMANA ESTATE LIMITED