



Prince Hill Wines Limited ("PHW")

ABN 99 000 094 995

235 Glen Osmond Road, Frewville, SA 5063

Ph: +61 8 8338 3400 Fax: +61 8 8338 3244

8 May 2008

Australian Securities Exchange
Company Announcements Office
Level 21
91 King William Street
Adelaide SA 5000

Dear Sir / Madam

Prince Hill Wines Limited – Renounceable Rights Issue – Notice pursuant to section 708AA(2)(f) Corporations Act 2001 (Cth)

On 21 April 2008 Prince Hill Wines Limited (ABN 99 000 094 995) ("**PHW**") announced that Eligible Shareholders would have the opportunity to acquire additional fully paid ordinary shares in the capital of the PHW ("**New Shares**") via a renounceable rights issue ("**Rights Issue**") on the basis of 1 New Share for every 1 Share held at an issue price of \$0.03 per New Share.

"Eligible Shareholders" are the persons or corporations with a registered address in Australia or New Zealand who are shown in PHW's Share Register to hold shares as at 5:00pm (Sydney Time) on 7 May 2008 ("**Record Date**"). Any fractional entitlements will be rounded up.

The maximum number of New Shares which may be issued under the Rights Issue is approximately 106,553,100. A further 15,600,000 New Shares may be issued if Option Holders exercise their options. Given that the exercise price for Existing Options ranges from \$0.10 to \$0.30 and is significantly greater than the present market price for the Shares, it is considered unlikely that any of the Existing Options will be exercised during the offer period.

The money raised by the Rights Issue (net of costs) will be used to provide additional working capital for PHW (for example, to continue to fund and support an improved marketing and sales program). In the interim, surplus funds will be used for the short term reduction in borrowings.

The Rights Issue, if fully subscribed, will not result in any change to the control of PHW as the offer is a pro-rata offer. However, the proportional shareholdings of Shareholders who are not resident in Australia or New Zealand may be diluted as those Shareholders are not entitled to participate in the Rights Issue. Additionally, if an Eligible Shareholder does not take up their entitlement in full, there may be a dilutionary effect on that Shareholder's proportional shareholdings.

PHW hereby gives notice that:

1. PHW will offer the New Shares for issue without disclosure to investors under Part 6D.2 of the *Corporations Act 2001* (Cth) ("**the Act**");

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2.

2. PHW is providing this notice under section 708AA(2)(f) of the Act;
3. As at the date of this notice:
 - 3.1 PHW has complied with the provisions of Chapter 2M of the Act as they apply to PHW;
 - 3.2 PHW has complied with section 674 of the Act;
4. As at the date of this notice, there is no information:
 - 4.1 that has been excluded from a continuous disclosure notice in accordance with the ASX Listing Rules; and
 - 4.2 that investors and their professional advisers would reasonably require for the purposes of making an informed assessment of:
 - 4.2.1 the assets and liabilities, financial position and performance, profits and losses and prospects of PHW; or
 - 4.2.2 the rights and liabilities attaching to the New Shares; and
5. The issue of the New Shares may affect the control of PHW depending on the level of rights trading and take up of the Rights Issue. Based on the current disclosures made by the substantial shareholder, Coonawarra Premium Vineyards Limited (ACN 086 944 265) as responsible entity of the Coonawarra Australia Property Trust (ARSN 104 335 159) and its Associates, the maximum percentage shareholding that the substantial shareholder and its Associates could attain through taking up their rights is 54.42% in the unlikely event that the substantial shareholder and its Associates are the only shareholders to take up their rights and all other shareholders or rights holders do not take up their entitlements.

Yours sincerely



Andrew Parkinson
Managing Director