

Prince Hill Wines
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

21 May 2008

Australian Securities Exchange
Company Announcements Office
Sydney NSW

Dear Sir / Madam

Memorandum of Understanding signed with John Cassegrain for the sale of Cassegrain Wines

Prince Hill Wines ("PHW") has signed a Memorandum of Understanding with John Cassegrain for the sale of PHW's 70% interest in the Cassegrain Wines business to John Cassegrain. The sale price is equivalent to the carrying value of PHW's investment in Cassegrain Wines.

The Memorandum of Understanding also provides for Cassegrain Wines to sell its one third interest in The Wine List Pty Ltd (the joint venture marketing and distribution company in which PHW currently holds one third of the shares with Watson Wine Group ("WWG"), a related party of PHW director Rex Watson, holding the other third) to PHW and WWG.

The change in ownership of Cassegrain Wines will allow Prince Hill Wines to further concentrate its focus on the marketing and distribution of its own brands. The proceeds of sale will inject funds into PHW, which will be used to provide working capital to fund this activity.

Winemaking, processing and bottling of the PHW brands will continue at the Cassegrain Winery at Port Macquarie, NSW, with Cassegrain Wines acting as a third party contractor.

PHW is seeking expressions of interest regarding the sale of its Mudgee processing facilities and vineyards.

Yours faithfully



Andrew Parkinson
Managing Director

For personal use only