



PRINCE HILL WINES LIMITED
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17 February 2010

Prince Hill Wines - Winery sale update

Prince Hill Wines Limited advises further to various announcements regarding the sale of the vineyard, winery, function centre and cellar door located at 1220 Castlereagh Highway, Apple Tree Flat, Mudgee New South Wales (“**Mudgee Winery**”) by its wholly owned subsidiary, Prince Hill Wine Services Pty Ltd (ABN 40 062 979 588) (“**PHW Services**”), that on 16 February 2010 the purchaser (Great Southern Beverage Company Pty Ltd (ACN 132 761 392) requested a further extension of the completion date under the sale agreement. That extension request has been rejected by PHW Services. The final installment in accordance with the revised sale agreement of 22 April 2009 of \$4,950,000 remains due at the completion date on 18 February 2010.

Under the original sale agreement exchanged on 30 September 2008 the deposit was intended to be paid in installments with the final settlement sum of \$4,950,000 being due on 31 May 2009. To date PHW Services has received from the purchaser \$550,000 (\$60,000 of this amount was satisfied by the transfer of assets). Part of the deposit installments were paid from the proceeds of a loan of \$247,500 made to the purchaser by Coonawarra Australia Property Trust. This loan was due for repayment on 8 October 2009 and is to be repaid by the transfer of land subject to formal documentation.

PHW Services has issued a letter to the purchaser notifying it of its intention to comply with its obligations under the sale agreement and settle the transaction on 18 February 2010. If settlement is not effected on the proposed date, PHW Services has reserved all of its rights and will take all steps available to it to enforce the legal rights under the sale agreement including, issuing a Notice to Complete (requiring settlement within 14 days).

Prince Hill Wines will keep the market fully informed on developments relating to this transaction.

Andrew Parkinson
Chief Executive Officer and
Managing Director

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