

COCKATOO RIDGE WINES LTD

ACN 008 095 207

(SUBJECT TO DEED OF COMPANY ARRANGEMENT)

NOTICE OF MEETING

AND

EXPLANATORY STATEMENT

Time: 2.00 pm

Date: 30 November 2010

Location: 11 Miller Street Unley South Australia

NOTICE OF GENERAL MEETING

Notice is given that a General Meeting of Shareholders of Cockatoo Ridge Wines Limited ACN 008 095 207 (subject to Deed of Company Arrangement) ("**Company**") will be held at 11 Miller Street Unley South Australia at 2.00 pm on Tuesday, 30 November 2010.

The Explanatory Statement to this Notice of Meeting provides additional information on matters to be considered at the General Meeting. The Explanatory Statement and the Proxy Form are part of this Notice of Meeting.

Pursuant to Regulation 7.11.37 of the *Corporations Regulations 2001* (Cth), the persons eligible to vote at the General Meeting are those who are registered Shareholders of the Company at 2.00pm on Sunday, 28th November 2010.

Terms and abbreviations used in this Notice of Meeting and Explanatory Statement are defined in the attached Glossary.

It is a requirement of the business of the General Meeting that each of the Resolutions set out below are passed, otherwise none of the Resolutions will have any effect.

AGENDA

1. Resolution 1 – Transfer of shares in Playford Wine Holdings Pty Ltd

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"Subject to the passing of all other Resolutions, for the purpose of Listing Rule 11.1 and for all other purposes, the change in the scale of the undertaking of the Company constituted by the transfer of all of the issued shares in Playford Wine Holdings Pty Ltd from the Company to Michael Strachan Hislop on the terms and conditions set out in the Explanatory Statement be approved".

2. Resolution 2 – Consolidation of Capital

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"Subject to the passing of all other Resolutions, for the purpose of section 254H of the Corporations Act and for all other purposes, the consolidation of the issued capital of the Company on the basis that:

- (a) every one hundred (100) ordinary Shares on issue be consolidated into one (1) ordinary Share and, where this consolidation results in a fraction of a Share being held by a Shareholder, that fraction be rounded down to the nearest whole Share; and*
- (b) the Options on issue to subscribe for Shares be reconstructed pro rata to the consolidation of the Shares on issue, with any fractional entitlements being rounded down*

be approved."

3. Resolution 3 – Reduction of Capital

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“Subject to the passing of all other Resolutions, in accordance with sections 256B and 258F of the Corporations Act and for all other purposes, the capital of the Company being reduced by applying such a portion of the accumulated losses of the Company against the share capital of the Company which is considered permanently lost, be approved.”

4. Resolution 4 – Change of Name

To consider and, if thought fit, to pass, with or without amendment, the following resolution as a **special resolution**:

“Subject to the passing of all other Resolutions, in accordance with Section 157(1) of the Corporations Act and for all other purposes, the Company change its name to ‘CRW Holdings Limited’.”

5. Resolution 5 – Issue of New Securities

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“Subject to the passing of all other Resolutions, for the purposes of Listing Rule 7.1 and for all other purposes, the issue of up to 430,000,000 New Shares on the terms set out in the Explanatory Statement, be approved.”

6. Resolution 6 – Participation of Directors

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“Subject to the passing of all other Resolutions, for the purposes of Listing Rule 10.11 and Section 208 of the Corporations Act and for all other purposes, the issue of up to 10,000,000 New Shares to the Directors and/or their Associates on the terms set out in the Explanatory Statement, is approved.”

7. Resolution 7 – Proponent Shares

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“Subject to the passing of all other Resolutions, for the purposes of Listing Rule 10.11 and Section 208 of the Corporations Act and for all other purposes, the issue of up to 50,000,000 Shares to the Proponent and/or its Associates on the terms set out in the Explanatory Statement, is approved.”

8. Resolution 8 – Variation to Company’s Constitution

To consider and, if thought fit, to pass, with or without amendment, the following resolution as a **special resolution**:

“Subject to the passing of all other Resolutions, in accordance with Section 136(2) of the Corporations Act and for all other purposes, the adoption by the Company of the amendments to its Constitution in the manner and form tabled at the General Meeting, is approved.”

8. Resolution 9 – Election of Director – Mr. Stephen Evans

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“Subject to the passing of all other Resolutions, pursuant to clause 55.3 of the Company’s Constitution and for all other purposes, Mr. Stephen Evans is elected as a Director of the Company.”

Voting Exclusion Statement

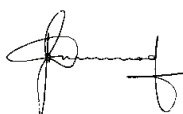
The following voting exclusion statement applies to the Resolutions under the Listing Rules or, where applicable, the provisions of the Corporations Act, to the following persons (“**Excluded Persons**”). The Company will disregard any votes on the following Resolutions cast by the following Excluded Persons:

Resolution No.	Title	Excluded Persons
1	Transfer of shares in Playford Wine Holdings	Michael Strachan Hislop (and any of his Associates) and any person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the resolution is passed.
5	Issue of New Securities	A person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the resolution is passed, and Associates of such persons.
6	Participation of the Directors and/or their Associates in Offer	The Directors and any of their Associates.
7	Proponent Shares	The Proponent and any of its Associates.

However, the Company need not disregard a vote if it is cast by:

- (a) a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (b) the 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.

By Order of the Board



Company Secretary
25 October 2010

EXPLANATORY STATEMENT

1. Introduction

This accompanying Explanatory Statement forms part of the Notice of Meeting and should be read in conjunction with it. This Explanatory Statement provides additional information on matters to be considered at the General Meeting.

The Notice of Meeting and Explanatory Statement have been prepared for the Shareholders of the Company based on what the Company's activities will be once the DOCA and Recapitalisation Proposal have been completed and the Company's Shares are reinstated on the ASX. As at the date of the Notice of Meeting, the Company is suspended from trading on the ASX and is subject to a DOCA.

The Deed Administrators do not accept any responsibility for the contents of this Explanatory Statement, including the accuracy of any information included in this Explanatory Statement or failure to include any information in this Explanatory Statement.

In considering the Resolutions, Shareholders must bear in mind the current financial circumstances of the Company. In this regard, Shareholders should note that separate reports have been made by the Deed Administrators to Creditors in accordance with the Corporations Act. The reports set out in detail the financial position of the Company, the actions and investigations taken by the Deed Administrators, the reasons for failure of the Company and the Deed Administrators' recommendations for the future of the Company.

If all Resolutions are passed and the proposed re-structuring set out in the Recapitalisation Proposal is completed, the Company will be in a position to seek the reinstatement of its securities to official quotation on ASX. In accordance with the Listing Rules, reinstatement is subject to the discretion of ASX.

If Shareholders reject the proposed restructuring, the Company may be placed into liquidation. In this circumstance, it is likely that there would be no return to Shareholders.

2. Recapitalisation Proposal

2.1 Background

On 20 January 2010, the Directors appointed Mr. George Divitkos and Mr. Russell Henry Heywood-Smith of BDO (SA) as joint and several administrators of the Company pursuant to Section 436A(1) of the Corporations Act.

The Administrators called for proposals to recapitalise the Company with a view to seeking reinstatement to trading of its securities on ASX. The Administrators have since accepted a proposal by Taycol Services Pty Ltd ABN 96 007 891 643 ("**Proponent**") for the restructuring and recapitalisation of the Company.

The terms of the proposal from the Proponent are contained in a Reconstruction Deed executed with the Administrators ("**Reconstruction Deed**").

At a meeting of the Company's Creditors on 18 May 2010, held pursuant to Section 439A(1) of the Corporations Act, the Creditors resolved that the Company enter into a DOCA and the Administrators became the administrators of that DOCA ("**Deed Administrators**").

Set out below is a detailed summary of the Recapitalisation Proposal under the Reconstruction Deed.

Key Terms of the Recapitalisation Proposal

Subject to the Resolutions being passed and the Proponent being satisfied that the Company's Shares will be re-quoted by ASX, the Proponent will advance to the Company the following amounts:

- \$310,000 for payment to the Secured Creditor; and
- \$250,000 for payment by the Administrator to a creditors trust to be established under the DOCA, for satisfying claims by all creditors other than the Secured Creditor and the Non-Participating Creditors. The creditors trust will be administered by the Administrators.

In summary, the Resolutions provide for the following additional key terms of the Recapitalisation Proposal.

- Transfer of shares:** the transfer of all of the issued shares in Playford Wine Holdings to Michael Strachan Hislop (see Resolution 1 and Section 3). If approved this would have the effect of divesting the Company of certain operating assets and all of its liabilities to the Secured Creditor (being approximately \$15m). The business of the Company would comprise bulk wine sales, branded wine sales under a limited number of brands to be retained by the Company and contract winemaking.
- Consolidation of Capital:** Consolidation of the existing issued capital of the Company on a 1 for 100 basis (see Resolution 2 and Section 4). This will result in a reduction in the number of Shares on issue.
- Reduction of Capital:** The capital of the Company is to be reduced by applying an amount being a portion of the accumulated losses of the Company against the Share capital which is considered permanently lost (see Resolution 3 and Section 5).
- Prospectus Offer:** The issue of up to 230 million New Shares in the Company at an issue price of not less than \$0.01 each to raise not less than \$2,300,000 and not more than \$4,300,000 under a Prospectus (see Resolution 5 and Section 7), to raise working capital, with the ability to accept over subscriptions for an additional 200 million shares. Approval is also being sought for the Directors to participate in the Prospectus Offer on the same terms as all other persons participating in that offer for up to 10,000,00 New Shares (see Resolution 6).
- Proponent Shares:** The Proponent is seeking approval to be issued with up to 50,000,000 New Shares at the issue price of \$0.001 each as part consideration for its resources being committed and the risk it is taking in pursuing the Reconstruction Proposal (see Resolution 7).
- Proponent Director:** Two of the previous Directors of the Company, being Mr. Ivan Limb, and Mr. Melvyn Drummond, will continue to act as Directors of the Company. In addition Mr. Stephen Evans has become a director at the request of the Proponent (Resolution 9).

Completion of the Recapitalisation Proposal will restructure the Company's issued capital and net asset base, provide working capital, terminate the DOCA and allow the Board of Directors to continue the business. If the Resolutions are passed and

the proposed restructuring and recapitalisation is completed, the Company will seek the reinstatement to trading of its securities on ASX.

2.2 Operational and Expenditure Plans of the Company

The Board of Directors have prepared a business plan for the continuance of the Company's business activities if the Recapitalisation Proposal is approved by Shareholders. The business plan provides for the Company's business to focus on 3 core activities – bulk wine sales, branded wine sales and contract wine making. The following is a brief outline of each activity.

Bulk Wine Sales

Sales of bulk wine during the 12 months to 31 December 2009 was 45% of the Company's sales. It is intended that the Company will continue to operate in this market.

The Company plans to make wine under contract and sell bulk wine to other Australian wineries and selected export markets. The board has developed a long association with the numerous wineries who are potential customers.

Branded Wine Sales

The Company will retain 16 brands upon which to grow its presence with consumers. It plans to develop these brands by distribution in the Australian market and export markets.

Contract Winemaking

The Company will have the wine made at wineries under contract. The wine will be stored in locations in the Barossa Valley. The grapes will be acquired under annual contracts.

Expenditure and Use of Funds

The expenditure plans and use of funds is as follows:

Use of Funds – Expenditure Budget	Year 1	Year 2
Bulk wine business	\$552,352	-
Branded wine business	\$356,294	-
Administration	\$250,000	\$154,354
Public Company costs	\$250,000	\$250,000
Payment to the Deed Administrator	\$560,000	-
Total	\$1,968,646	\$404,354

Total expenditure of funds for years 1 and 2 is budgeted to be \$2,353,000, which approximates the minimum subscription requirement of \$2,300,000.

It is important to recognise that although certain parts of the budget allocations are committed expenditures, work programmes are subject to changes in line with emerging results, circumstances and opportunities.

2.3 Details of Deed of Company Arrangement

The Company sought Creditor approval to accept the Recapitalisation Proposal put forward by the Proponent and to enter into the relevant DOCA. Approval was obtained on 18 May 2010. At a meeting of creditors on 31 August 2010 Creditors resolved to extend the time for completion of the Recapitalisation Proposal to 31 December 2010.

Settlement and effectuation of the DOCA will not occur unless Shareholders approve all of the Resolutions set out in the Notice of Meeting. If Shareholders do not do so, the Company may be placed into liquidation.

2.4 ASX Listing

The Company expects that, upon completion of the Capital Raising contemplated by the resolutions and satisfaction of various other conditions, its shares would be readmitted to quotation on ASX.

2.5 Balance Sheet

The following is a pro-forma balance sheet showing the effect of the Recapitalisation Proposal on the Company.

Pro Forma Balance Sheet

Current Assets	
Cash	\$ 2,353,000
Stock	\$ 500,000
	<hr/>
	\$ 2,853,000
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Non Current Assets	
Intangibles - Brands	\$ 500,000
	<hr/>
Total Assets	\$ 3,353,000
	<hr/>
less Liabilities	
Current Liabilities	
Creditors	\$ 1,280,000
	<hr/>
Net Assets	\$ 2,073,000
	<hr/>
Equity	
Issued Capital	\$ 79,068,000
Accumulated Losses	-\$ 76,995,000
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Share Capital & Reserves	\$ 2,060,000
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2.6 Conclusion

The Resolutions set out in the Notice of Meeting are important and affect the future of the Company. Shareholders are urged to give careful consideration to the Notice of Meeting and the contents of this Explanatory Statement.

3. Resolution 1 – Transfer of Shares in Playford Wine Holdings

3.1 General

The Company has agreed, subject to obtaining Shareholder approval, to transfer all of the issued shares in Playford Wine Holdings to Michael Strachan Hislop for the amount of \$10.00. Playford Wine Holdings is a wholly owned subsidiary of the Company and owns a number of assets of the CKR Group. Mr Hislop is not a director or otherwise a related party of any of the companies in the CKR Group.

The transfer of the shares in Playford Wine Holdings will result in the control of the assets of Playford Wine Holdings and all other Subsidiaries passing to Mr Hislop. Playford Wine Holdings will also assume the liabilities of CKR to the Secured Creditor. This will result in the Company's assets and activities being reduced consistent with the business plan for the Company should the reconstruction be approved by Shareholders. The Company will also no longer have any debt owing to the Secured Creditor.

Attached in annexure 1 to this Notice are structure charts which show the corporate structure of the CKR Group as at the date of this Notice and after the reconstruction, should it be approved by Shareholders.

3.2 ASX Listing Rule 11.1

Listing Rule 11.1 permits the ASX to require a listed entity, such as the Company, to obtain approval of its shareholders where there is a proposed substantial change in the nature or scale of a listed entity's undertaking. The ASX has required the Company to obtain approval of Shareholders to reduce the change in the scale of its undertaking as a result of the Recapitalisation Proposal, and specifically as a result of the transfer of the issued shares in Playford Wine Holdings to Mr Hislop.

The following table sets out the value of the material assets of Playford Wine Holdings (including those owned by its subsidiaries) which would no longer be controlled or beneficially owned by the Company:

	Per 30 June 2009 Financial Accounts	Estimated Realisable Value	
Winery	14,330,000	4,500,000	(1)
Plant & Equipment	3,070,000	1,600,000	(2)
Brand Names & Trademarks	6,500,000	250,000	(3)
Inventory	9,716,000	3,625,000	(4)
Receivables	3,123,000	800,000	(5)
Other Assets	180,000	180,000	
	<hr/> 36,919,000	<hr/> 10,955,000	

- (1) Based on advertised price per current Sales Advertisements via licensed real estate agent.
- (2) Based on valuation of Tank Farm assets of \$1M and balance at net book value.
- (3) Based on recent sale of certain brands to unrelated third party.
- (4) Recoverability of majority of remaining stock is uncertain.
- (5) Estimate based on current debtor position as at September 2010 on net realisable value.

As at the date of this Notice, the secured debt owed by the CKR Group to the Secured Creditor is approximately \$15m.

As indicated above, in conjunction with the transfer of the shares in Playford Wine Holdings by the Company to Mr Hislop, Playford Wine Holdings will also assume all of the debt of the CKR Group owing to the Secured Creditor, less the amount of \$310,000 to be paid to the Secured Creditor as part of the Recapitalisation Proposal. The amount of that secured debt is approximately \$15m as at the date of this Notice of Meeting.

The ownership and control of the assets of Playford Wine Holdings would be subject to the terms and conditions of the finance facility agreement and finance securities (including a real property mortgage, fixed and floating charges and guarantees) in favour of the Secured Creditor.

Overall the Directors consider that the net value being transferred out of the CKR Group is negative or equal due to the amount by which the secured debt being assumed exceeds the realisable value of the assets being transferred.

Directors' Recommendation

Each of the Directors recommend that, in the context of the Company's current circumstances and, given the Creditors' approval of the Recapitalisation Proposal, the Shareholders should accept the Recapitalisation Proposal and approve Resolution 1 to be put to the General Meeting.

4. Resolution 2 – Consolidation of Capital

Shareholder approval is sought to consolidate the number of Shares on issue on a one (1) for one hundred (100) basis and all existing Options be reconstructed pro rata to the consolidation of the Shares on issue.

Shareholder approval is required pursuant to Section 254H of the Corporations Act.

Section 254H of the Corporations Act provides that a company may, by resolution passed in general meeting of shareholders, convert all or any of its shares into a larger or smaller number of shares.

In the event that Resolution 2 is approved, the number of Shares on issue will be reduced from 845,927,110 to approximately 8,459,271 and the number of Options on issue will be reduced from 4,000,000 to approximately 40,000. The exercise price of the Options on issue will also increase by a multiple of 100.

The consolidation will not result in any change to the substantive rights and obligations of Shareholders. The purpose of the consolidation of the existing issued capital of the Company is to reduce the number of existing securities on issue. For example, a Shareholder currently holding 1,000 Shares will, as a result of the consolidation, hold 10 Shares.

Not all Shareholders will hold that number of Shares which can be evenly divided by 100. Where a fractional entitlement occurs, the Directors will round that fraction down to the nearest whole Share or Option.

The Company's balance sheet and tax position will remain unaltered as a result of the consolidation.

It is not considered that any taxation consequences will exist for Shareholders arising from the consolidation. However, Shareholders are advised to seek their own tax advice on the effect of the consolidation. None of the Company, the Deed Administrators or the Company's advisers accepts any responsibility for the individual taxation consequences arising from the consolidation.

5. Resolution 3 – Reduction of Capital

Resolution 3 is designed to reduce the Share capital of the Company in accordance with Sections 256B and 258F of the Corporations Act by a portion of the accumulated losses of the Company. The Company proposes to alter the capital of the Company by reducing it where the value has been permanently lost by applying an amount being a portion of the accumulated losses of the Company. Under Section 256B of the Corporations Act, a reduction of capital of this nature must be approved by a resolution passed at a General Meeting of the Company.

The purpose of the reduction of capital is to reduce the amount of capital on issue where the value has been permanently lost or not represented by available assets, provided that the Company does not cancel any Shares. Goodwill has been treated as an 'available' asset for the purposes of whether a loss reduction of capital is made. The accumulated losses are comprised of the amount of goodwill lost as a consequence of the Company being under administration and that which relates to the Company's assets that have been either sold or discontinued and the trading losses accumulated by the Company.

The Company proposes to effect a reduction of capital by debiting the Company's capital account by the amount of the Company's accumulated losses. Under this reduction of capital, the Company will not be returning any capital to Shareholders or cancelling any Shares. It will essentially be an accounting entry which will take immediate effect from the passing of Resolution 3.

The reduction of capital does and will not materially prejudice the Company's ability to pay the Creditors, has no direct negative impact on Shareholders (or their respective shareholdings), is not selective between Shareholders and will not affect the number of fully paid Shares on issue in the Company. The Company does not have any partly paid shares or convertible securities on issue which may be affected by the reduction of capital.

6. Resolution 4 – Change of Name

Resolution 4 seeks Shareholder approval to change the name of the Company to CRW Holdings Limited.

The Board of Directors considers that a name change is appropriate to reflect the fact that the Company has transferred the brand Cockatoo Ridge to its former subsidiary Cockatoo Ridge Sales Pty Ltd. If the Resolutions are passed, this brand will form part of the assets being transferred out of the CKR Group, together with assumption of the secured debt of the Company.

7. Resolution 5 – Offer of New Securities

7.1 General

Resolution 5 seeks approval for the issue of up to 430 million New Shares at an issue price of not less than \$0.01 each through a Prospectus. The offer under the Prospectus would be:

- The issue of a minimum of 230,000,000 New Shares at \$0.01 each to raise \$2,300,000; and
- The ability to permit over subscriptions for up to an additional 200 million New Shares at \$0.01 each, which would raise an additional \$2,000,000.

The New Shares to be offered under the Prospectus have the same rights as existing Shares and are to be offered to all Australian residents and other persons eligible to receive offers of the New Shares. With Shareholder approval (see Resolution 6), Directors would be eligible to participate in the offer under the Prospectus up to a maximum of 10,000,000 New Shares in total. The Proponent and its Associates will not be eligible to participate in the offer under the Prospectus, but are seeking approval for the issue of New Shares (see Resolution 7).

The funds raised will be used for working capital purposes for the ongoing business.

The issue of New Shares pursuant to the Prospectus Issue is intended to occur as soon as ASX provides unconditional approval to the Company for quotation of its Shares, and must occur no later than three (3) months, or such later date as permitted by the Listing Rules, from the date of General Meeting.

7.2 Listing Rule 7.1

Under Chapter 7 of the Listing Rules, there are limitations on the capacity of a company to enlarge its capital by the issue of equity securities without shareholder approval. The limitation is to 15% of a company's capital in any 12 month period.

Listing Rule 7.1 provides that a company must not, without shareholder approval (subject to certain exceptions) issue, during any 12 month period, any equity securities or other securities with rights of conversion to equity (such as an option), if the number of those securities exceeds 15% of the number of securities in the same class on issue at the commencement of that 12 month period.

8. Resolution 6 – Director Shares

8.1 General

Resolution 6 seeks approval for the issue of New Shares to the Directors and/or their Associates.

The issue of New Shares under Resolution 6 is to be approved by Shareholders under the requirements of Listing Rule 10.11 and Section 208(1) of the Corporations Act.

8.2 Listing Rule 10.11

Chapter 10 of the Listing Rules contains certain provisions in relation to transactions between a company and 'persons in a position of influence', such as directors. Listing Rule 10.11 provides that a company must not issue securities to a 'related party' without the approval of holders of ordinary securities by ordinary resolution.

The term 'related party' is defined for these purposes to include a related party within the meaning of Section 228 of the Corporations Act and a person whose relationship with the entity or a related party is, in ASX's opinion, such that approval should be obtained. This includes the Directors and their Associates.

It is necessary, pursuant to Listing Rule 10.13, to provide the following information that pertains to the related parties in this Explanatory Statement:

- (a) the related parties to whom the New Shares will be issued are the Directors or their Associates;
- (b) the maximum number of New Shares to be issued to the Directors is:
 - (i) 3,000,000 in total at an issue price of \$0.001 each to raise up to \$3,000 to be issued to Stephen Evans (**Director Shares**); and
 - (ii) 10,000,000 in total under the Prospectus, being at an issue price of \$0.01 each to raise up to \$100,000. These New Shares will be available to all Directors if they wish to take up those shares in accordance with the provisions of the Prospectus.
- (c) the Director Shares will be issued no later than 1 month from the date of the General Meeting, or such other extended period as may be approved by ASX. The New Shares proposed to be issued under the Prospectus would be issued at the same time as all other New Shares to be issued under the Prospectus. The Company has been granted a waiver from Listing Rule 10.13.3 by ASX to be able to issue Director Shares and New Shares under the Prospectus after completion of reconstruction, within 3 months after shareholder approval.

The Director Shares are to be issued to the Directors in consideration for their commitment to the Company during the Recapitalisation Proposal. The Directors have and will not receive any directors fees during this period.

8.3 Shareholder Approval – Financial Benefit

For the Company to give a financial benefit to a related party the Company must:

- (a) obtain the approval of its Shareholders in the manner set out in sections 217 to 227 of the Corporations Act; and
- (b) give the benefit within 15 months following such approval,

unless the giving of the financial benefit falls within an exception set out in Sections 210 to 216 of the Corporations Act.

The Directors are related parties of the Company under the Listing Rules and the Corporations Act. The financial benefits to be given by the Company is the issue of Director Shares at an issue price of \$0.001 which is less than the proposed issue price of New Shares under the Prospectus of \$0.01.

If the Directors took up all their New Shares to be offered under Resolution 6, and assuming the minimum number of Shares are issued under the Prospectus in which the Directors take up their maximum entitlement of 10,000,000, the Directors would have or control approximately \$13.35m Shares or approximately 5% of the issued capital of the Company after completion of the Recapitalisation Proposal (including Shares already owned by the Directors at the date of this Notice which would be consolidated).

Other than as set out in this Explanatory Statement, there is no further information which the Shareholders would reasonably require in order to decide whether or not it is in the Company's interests to pass Resolution 6.

9. Resolution 7 – Proponent Shares

Resolution 7 seeks approval of the issue of 50,000,000 New Shares at \$0.001 each to the Proponent to raise \$50,000 if the Recapitalisation Proposal is successful (**Proponent Shares**).

The Proponent would receive a financial benefit as it would be receiving New Shares at \$0.001 compared to the issue price of \$0.01 under the Prospectus. The Proponent Shares are proposed to be issued to the Proponent in consideration for the funding and other resources it has and is committing to the Recapitalisation Proposal, and the risk it is assuming in doing so.

The Proponent Shares will be issued no later than 1 month from the date of the General Meeting, or such other extended period as may be approved by ASX. The Company has been granted a waiver from Listing Rule 10.13.3 by ASX to issue Proponent Shares under the Prospectus after completion of reconstruction, within 3 months after shareholder approval.

After the issue of the Proponent Shares, and assuming only the minimum amount of 200,000,000 New Shares are issued under the Prospectus, the Proponent will not have a Relevant Interest in the Company of 20% or more for the purpose of section 611 of the Corporations Act. The Proponent's Relevant Interest will be a maximum of 50,000,000 Shares out of a total of 291,460,000 Shares, being approx. 17.16% calculated as follows:

Issued Shares post 1:100 consolidation	8.46m
New Shares under Prospectus	230m
Director Shares*	3m
Proponent Shares	<u>50m</u>
Total issued capital	291.46m

* Assumes all Director Shares are issued.

If more New Shares are issued under the Prospectus in excess of the minimum subscription, the Proponent's Relevant Interest will decrease.

10. Resolution 8 – Variation to Company’s Constitution

Resolution 8 seeks Shareholder approval to adopt amendments to the Company’s Constitution.

The Board of Directors is seeking to adopt amendments to the Company’s Constitution to update the Constitution to ensure it reflects current requirements of the Corporations Act and ASX Listing and Settlement Operations Rules.

The proposed amendments as set out in Resolution 8 in the Notice of Meeting are to be made by way of replacing the current Constitution with a new version, a summary of which is attached to this Notice.

11. Resolution 9 – Election of Director

Resolution 9 seeks Shareholder approval for the appointment of Mr. Stephen Evans as director of the Company.

Stephen Evans is the Managing Director of a leading Adelaide based accounting firm, “RJC Evans & Co” which was established in 1920. Stephen has over 25 years experience in advising small, medium and large corporations in relation to accounting, financial, tax and business related matters. He is a member of the Taxation Institute of Australia, National Institute of Accountants and a Fellow of the Institute of Company Directors.

Stephen brings to the Board a wealth of experience in the accounting, financial and taxation fields. Stephen is Chairman of Chesser Resources Limited, non-executive director of Panax Geothermal Limited and Innovance Limited and formerly a non-executive director of WCP Resources Limited and formerly Chairman and then a non-executive director Newport Mining Limited.

The Directors, other than Mr Evans, recommend that Shareholders vote in favour of Mr Evans’s appointment as director of the Company.

GLOSSARY

In this Notice of Meeting:

ASIC means the Australian Securities and Investments Commission.

Assets means 16 labels owned by the Company.

Associate has the meaning set out in Sections 11 to 17 of the Corporations Act.

ASX means ASX Limited ACN 008 624 691 trading as the Australian Securities Exchange.

Board or **Board of Directors** means the Board of Directors of the Company.

Capital Consolidation means the consolidation of the existing issued capital of the Company on the basis of 1:100 as proposed under Resolution 2 and detailed in Section 4 of the Explanatory Statement.

CKR Group means the Company and all of its subsidiaries.

Claim means a debt payable by, or a claim against, the Company (present, future, certain or contingent, ascertained or sounding only in damages) being debts or claims the circumstances giving rise to which occurred before the date of appointment of the Administrators on 20 January 2010 that would be admissible to proof against the Company in accordance with Division 6 of Part 5.6 of the Corporations Act, if the Company had been wound up and the winding up is taken to have commenced on the appointment date including the Secured Creditor's claim.

Company means Cockatoo Ridge Wines Limited ACN 008 095 207 (subject to a Deed of Company Arrangement).

Constitution means the constitution of the Company.

Corporations Act means the *Corporations Act 2001* (Cth).

Creditor(s) means any person having a Claim against the Company.

Deed Administrators means Mr. George Divitkos and Mr. Russell Henry Heywood-Smith of BDO (SA).

Directors means Ivan Thomas Limb, Melvyn J Drummond and Stephen W J Evans.

DOCA means the Deed of Company Arrangement executed on 8 June 2010 between Cockatoo Ridge Wines Ltd (ACN 008 095 207), Cockatoo Ridge Sales Pty Ltd (ACN 096 717 458), Australian Commercial Wines Pty Ltd (ACN 117 756 779), Cockatoo Ridge Pty Ltd (ACN 055 058 921), Playford Wine Holdings Pty Ltd (ACN 095 614 234), (Administrators Appointed), George Divitkos and Russell Henry Heywood-Smith (Administrators), Taycol Services Pty Ltd (Taycol), Mr Stuart Richardson, Mr Ivan Limb, Mr Melvyn Drummond.

Explanatory Statement means the Explanatory Statement accompanying the Notice of Meeting.

General Meeting means the general meeting of Shareholders convened for the purposes of considering the Resolutions.

Listing Rules means the Listing Rules of the ASX.

New Director means a director appointed to the Company following the recapitalisation of the Company.

New Share(s) means a fully paid ordinary share in the Company after the Capital Consolidation.

Notice of Meeting means the notice convening the General Meeting accompanying this Explanatory Statement.

Offer means the offer by the Company to issue up to 430 million New Shares at an issue price of not less than \$0.01 each and 100 million New Options to raise not less than \$2,300,000.

Proponent means Taycol Services Pty Ltd ABN 96 007 891 643.

Prospectus means the prospectus to be issued by the Company and referred to in Resolution 5.

Recapitalisation Proposal means the proposal for the recapitalisation of the Company as described in Section 2 of the Explanatory Statement.

Reconstruction Deed means the Reconstruction Deed between the Deed Administrators, the Company and the Proponent dated on or about 29 June 2010.

Related Party means a party so defined by Section 228 of the Corporations Act.

Resolution means a resolution to be considered at the General Meeting as contained in the Notice of Meeting.

Section means a section of the Explanatory Statement.

Secured Creditor means GE Commercial Pty Ltd ABN 53 086 920 747.

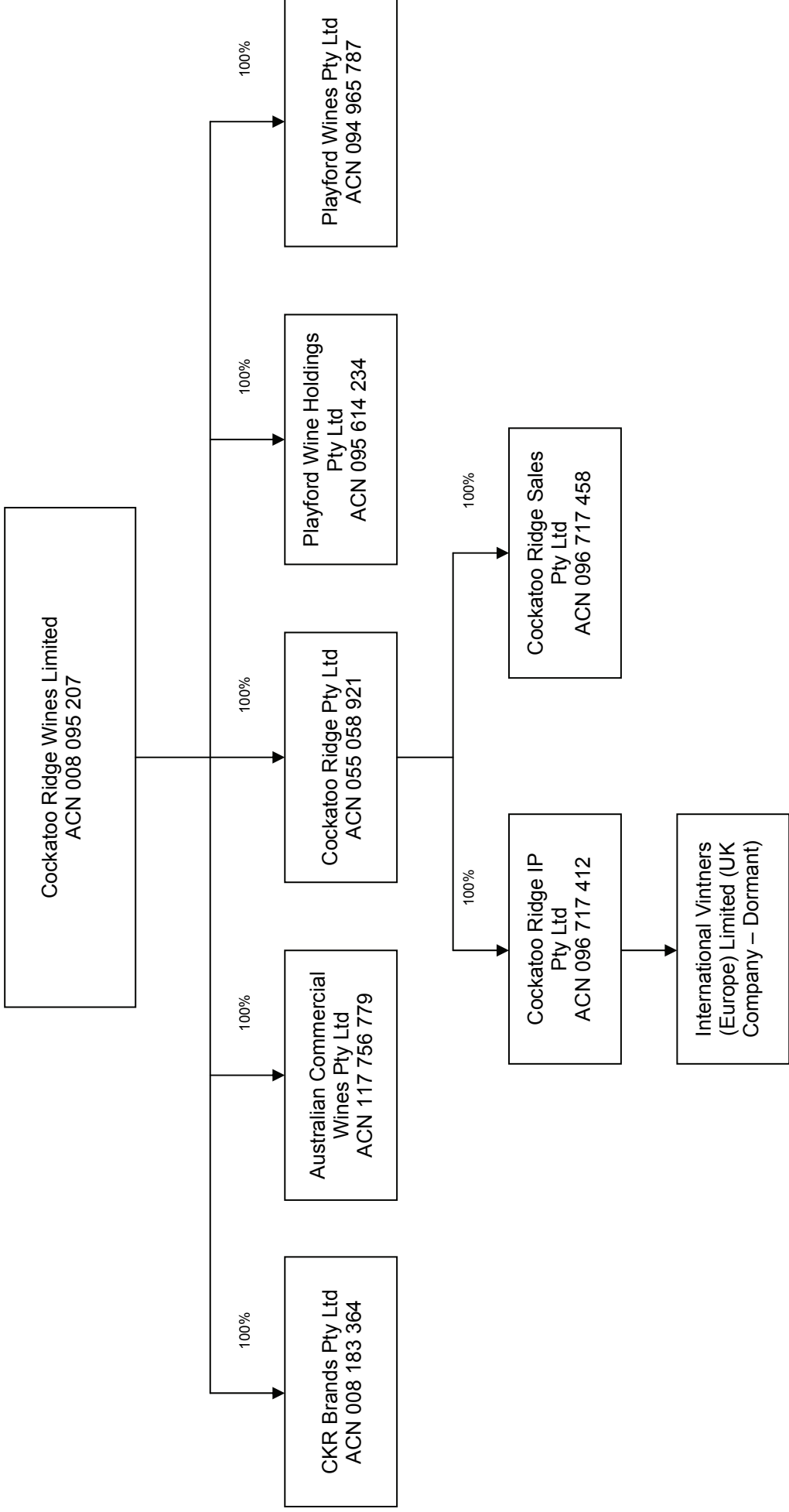
Share means a fully paid ordinary share in the Company and includes any New Share.

Shareholder means a shareholder of the Company.

ANNEXURE 1

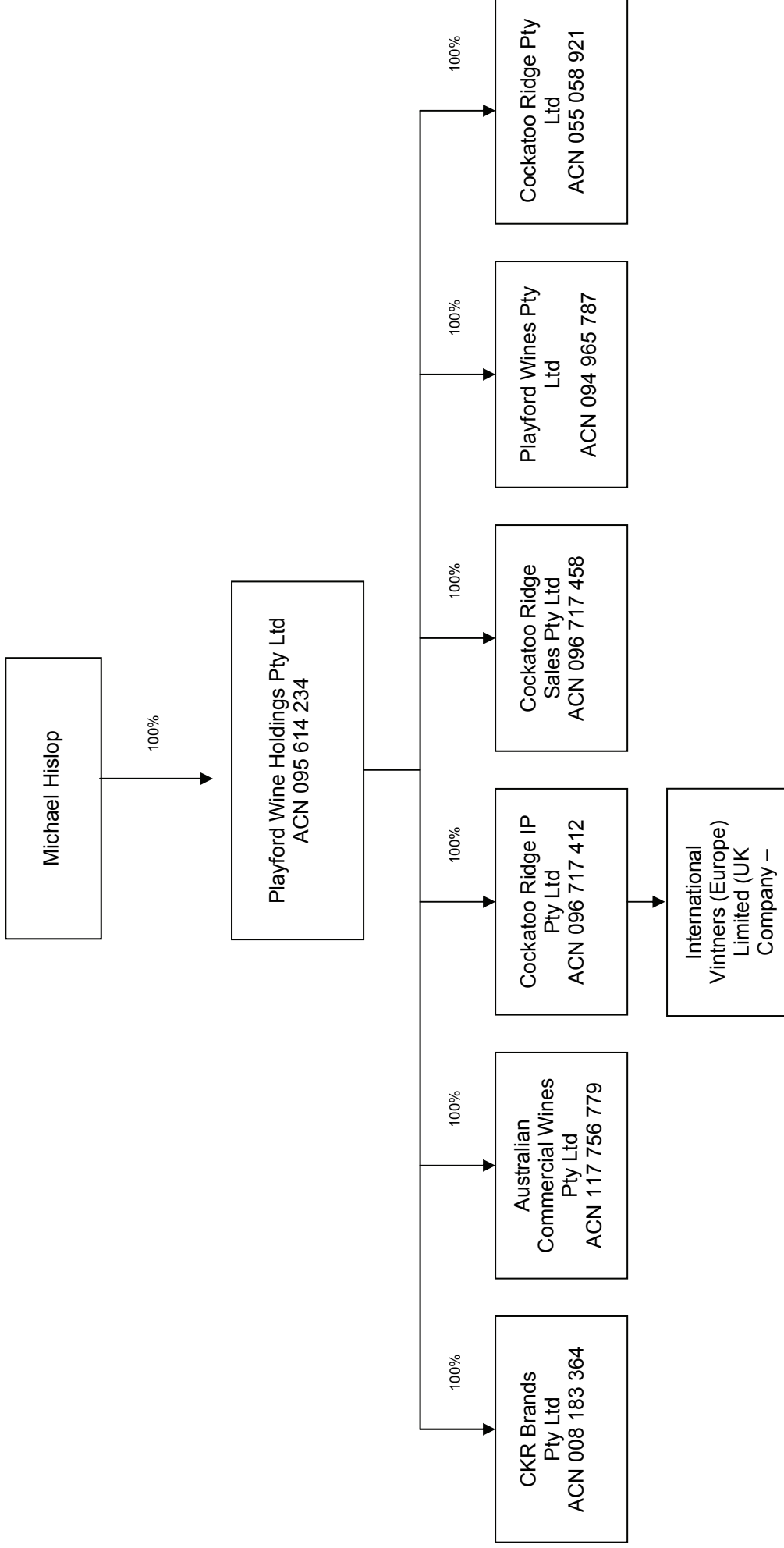
**COCKTAOO RIDGE WINES LTD (ACN 008 095 207)
(SUBJECT TO DEED OF COMPANY ARRANGEMENT) (“CKR”)**

Current Group Structure (Pre Reconstruction)



**COCKTAOO RIDGE WINES LTD (ACN 008 095 207)
(SUBJECT TO DEED OF COMPANY ARRANGEMENT)**

Proposed Subsidiary of Former Subsidiaries Post Reconstruction



ANNEXURE 2

Summary of Proposed New Constitution

Constitution of the Company and rights attaching to Shares

The proposed new Constitution contains provisions common for public companies in Australia. Full details of the rights attaching to Shares are set out in the Constitution. Any person may obtain a copy of the Constitution from the Company free of charge.

The following is a broad summary of the rights, privileges and restrictions attaching to the Shares. This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of Shareholders.

Directors (Constitution clauses 58 and 59)

Subject to the Corporations Act, unless altered by the Company in general meeting, the minimum number of Directors is 3 and the maximum is 10 (counting alternate Directors). Subject to the provisions of the Constitution, the Company may elect a person as a Director by resolution passed in general meeting.

The existing Directors may, at any time, appoint a new Director, either to fill a casual vacancy or as an addition to the Board, subject to this not exceeding the maximum number of Directors permitted by the Constitution. Any such Director may hold office only until the next annual general meeting and is then eligible for election at that meeting but will not be taken into account in determining the number of Directors who are to retire at that meeting.

Future increases in capital (Constitution clause 3)

Without affecting the special rights of any holders of existing Shares and subject to the Listing Rules, the Board may at any time issue such number of shares or class of shares as the Board determines in its discretion with or without preferred, deferred or other special rights, obligations or restrictions.

By resolution of the Board, the rights attached to Shares in class of Shares may be varied by the issue of new shares not having the same rights as any Shares already issued.

Variation of rights

Pursuant to section 246B of the Corporations Act, the Company may, with the sanction of a special resolution passed at a meeting of Shareholders, vary or abrogate the rights attaching to Shares. If at any time the Share capital is divided into different classes of Shares, the rights attached to any class (unless otherwise provided by the terms of issue of the Shares of that class), whether or not the Company is being wound up may be varied or cancelled:

- by special resolution passed at a separate meeting of the holders of the Shares of that class; or
- with the written consent of the holders of 75% of the votes attaching to the Shares of that class.

Transfer of Shares (Constitution clauses 36 and 39)

Subject to the Company's Constitution, the Corporations Act, the ASX Listing Rules and the ASX Settlement Operating Rules, Shares are freely transferrable.

The Board may refuse to register a transfer of Shares only in limited circumstances, such as where the Company has a lien or charge in relation to those Shares.

Meetings of Shareholders (Constitution clauses 42 and 45)

The Board may convene a general meeting of Shareholders whenever it thinks fit, subject to the provisions of the Constitution and the Corporations Act. Shareholders may request that the Directors call a general meeting in accordance with section 249D of the Corporations Act. A quorum for a general meeting comprises the Shareholders present at the meeting or all Shareholders if there are less than three.

Voting rights (Constitution clause 53)

Subject to any rights or restrictions attached to any class or classes of Shares, at general meetings of Shareholders:

- each Shareholder entitled to vote may vote in person or by proxy, attorney or representative;
- on a show of hands, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder has one vote; and
- on a poll, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder shall, in respect of each fully paid Share held by that person, or in respect of which that person is appointed a proxy, attorney or representative, have one vote for the Share, but in respect of partly paid Shares, shall have a fraction of the vote for each partly paid Share (equal to the proportion paid on that Share).

Dividend rights (Constitution clauses 84 and 85)

Subject to the rights of holders of Shares issued with special rights (if any), dividends will be payable on all Shares in proportion to the amount paid on Shares during the period in respect of which the dividends are paid. The Board may pay to the Shareholders such interim dividends as appear to the Board to be justified. No dividend shall carry interest as against the Company.

Rights on winding up (Constitution clauses 99 and 100)

Subject to the rights of holders of Shares issued with special rights (if any), if the Company is wound up then any surplus must be divided among the Shareholders in proportion to the Shares held by them and, if any Shares are not fully paid, in proportion to the amounts paid or credited as paid on their Shares.

Proportional takeover bids

If offers are made under a proportional takeover bid the Company must refuse to register a transfer giving effect to a takeover contract unless the bid is approved by ordinary resolution of Shareholders. This provision expires 3 years after the date the Company was incorporated unless renewed by Shareholders each 3 years.

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Cockatoo Ridge Wines Limited

(SUBJECT TO DEED OF COMPANY ARRANGEMENT)

ABN 72 008 095 207

Lodge your vote:



By Mail:

Computershare Investor Services Pty Limited
GPO Box 242 Melbourne
Victoria 3001 Australia

Alternatively you can fax your form to
(within Australia) 1800 783 447
(outside Australia) +61 3 9473 2555

For Intermediary Online subscribers only
(custodians) www.intermediaryonline.com

For all enquiries call:

(within Australia) 1300 556 161
(outside Australia) +61 3 9415 4000

Proxy Form

For your vote to be effective it must be received by 2:00pm (Adelaide time) Sunday 28 November 2010

How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

Appointment of Proxy

Voting 100% of your holding: Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote as they choose. If you mark more than one box on an item your vote will be invalid on that item.

Voting a portion of your holding: Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

Appointing a second proxy: You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

A proxy need not be a securityholder of the Company.

Signing Instructions

Individual: Where the holding is in one name, the securityholder must sign.

Joint Holding: Where the holding is in more than one name, all of the securityholders should sign.

Power of Attorney: If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

Attending the Meeting

Bring this form to assist registration. If a representative of a corporate securityholder or proxy is to attend the meeting you will need to provide the appropriate "Certificate of Appointment of Corporate Representative" prior to admission. A form of the certificate may be obtained from Computershare or online at www.investorcentre.com under the information tab, "Downloadable Forms".

Comments & Questions: If you have any comments or questions for the company, please write them on a separate sheet of paper and return with this form.

Turn over to complete the form →



View your securityholder information, 24 hours a day, 7 days a week:

www.investorcentre.com

- Review your securityholding
- Update your securityholding

Your secure access information is:

SRN/HIN:



PLEASE NOTE: For security reasons it is important that you keep your SRN/HIN confidential.

Change of address. If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.

Proxy Form

Please mark to indicate your directions

STEP 1 Appoint a Proxy to Vote on Your Behalf

I/We being a member/s of Cockatoo Ridge Wines Limited (subject to Deed of Company Arrangement) hereby appoint

the Chairman of the Meeting **OR**



PLEASE NOTE: Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, as the proxy sees fit) at the General Meeting of Cockatoo Ridge Wines Limited (subject to Deed of Company Arrangement) to be held at 11 Miller Street, Unley SA 5061 on Tuesday, 30 November 2010 at 2:00pm (Adelaide time) and at any adjournment of that meeting.

Important for Item 6: If the Chairman of the Meeting is your proxy and you have not directed him/her how to vote on Item 6 below, please mark the box in this section. If you do not mark this box and you have not directed your proxy how to vote, the Chairman of the Meeting will not cast your votes on Item 6 and your votes will not be counted in computing the required majority if a poll is called on this Item. The Chairman of the Meeting intends to vote undirected proxies in favour of item 6 of business.

I/We acknowledge that the Chairman of the Meeting may exercise my proxy even if he/she has an interest in the outcome of that Item and that votes cast by him/her, other than as proxy holder, would be disregarded because of that interest.

STEP 2 Items of Business



PLEASE NOTE: If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

	For	Against	Abstain
1 Transfer of shares in Playford Wine Holdings Pty Ltd	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2 Consolidation of Capital	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3 Reduction of Capital	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4 Change of Name	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5 Issue of New Securities	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6 Participation of Directors	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7 Proponent Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8 Variation to Company's Constitution	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
9 Election of Director - Mr. Stephen Evans	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business.

SIGN Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

Contact Name _____

Contact Daytime Telephone _____

Date ____/____/____