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Dear Grower

I'm writing this letter to confirm the results of the 2010 harvest and to discuss the progress of the group restructure.

During the last 18 months we have certainly seen a number of challenges for the Barossa Vines Limited group (BVL). The loss of the 2009 vintage as a result of an extreme heat wave continues to have an effect on the returns to growers. Although the vines themselves were not damaged during the 2009 heatwave the yield produced this year was below what was expected. All projects were profitable however the profits generated did not exceed the brought forward losses from the previous season apart from the 2004 Project (Rosedale 3 Stage 2). Projects 2007 and 2008 have not yet reached a commercial harvest.

The quality of the fruit produced by the projects were of a high standard and as a result of this, long term contracts with Seppeltsfield & Fosters wine group (Penfolds) were extended for a further 3 years. These Contracts will provide an excellent foundation for the BVL group grape sales into the future.

Proposed Restructure

As many growers may be aware, Barossa Vines Limited, during August conducted a number of company updates at which brief discussions were held on the possible group restructure. Subsequent to those meetings the release of the Murray/Darling river system Plan seeking a further 40% reduction in irrigation licences' has now made this proposed restructure in to one that is now necessary.

BVL's largest single operating cost per hectare is the supply of water, and in order to reduce the overall cost of water to the vineyards' and protect future crops from extreme climatic events as seen in 2009, a further investment in water infrastructure is required. Simply stated, the group needs to acquire additional water and then have the ability to store it in a dam.

The proposed restructure will be conducted in three stages:

1. A capital raise by Australian Vines Limited
2. The winding up of all MIS projects
3. A stock exchange listing of the group

Australian Vines Limited.

Australian Vines Limited (AVL) is the ultimate holding company for each Land holding Companies (LHC). Grower's interests in share capital, are held in the LHC's and will not be affected negatively by the new capital raised. Grower's interest will remain constant over the projects and in fact their share value will increase as the new capital raised is spent over each of the existing LHC.

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The Capital raised will be applied to the group's water infrastructure needs, water licences along with the acquisition of further capital assets that will be required to operate the group vineyards.

This capital raise will assist in the increased profitability and productivity of the group and will greatly increase the overall value of the group assets, which will assist in stage three of the restructure.

Managed Investment Schemes (MIS).

The combined effects of the downturn in the wine industry and the unprecedented increase in water costs have placed increased pressure on the financial performance of the projects.

By winding up the existing projects it will have two immediate affects. Each grower will be released from any further obligation for fees, and secondly it will allow the group to access capital markets without the restraint and complications of an MIS Scheme.

Growers will be compensated for their interest, and this will not affect their ownership rights of the LHC's.

Growers will continue to have an interest in the vineyards and will receive fully franked dividends
Growers will not have to contribute fees once the MIS is rolled up.

All valuations will be independently provided; growers will vote and must ratify all stages of the roll up. Management cannot vote.

Stock Exchange Listing

It is the board's intention to take the group to a listing or to seek a cornerstone investor.

This will give shareholders the opportunity to sell out of the project if desired and realise any gain in the value of the shares held.

In summary Management plan to restructure the group to maximise its value and release Growers from any future commitment and allow Shareholders to realise the value of their investment if they desire to.

I also wish to thank each grower for their continued support and look forward to providing shareholders' with the detailed documents for stage 1 of the restructure before the Christmas break.



Yours faithfully

BAROSSA VINES LIMITED

Antonio De Francesca B.Ec. CPA

Director