

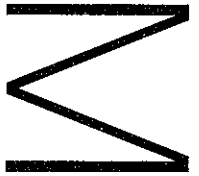
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**The Barossa Vines Limited (BVL) Vineyards
Spring and Early Summer 2010
Viticultural Status**



March 18 2011



**Report for:
Barossa Vines Ltd
266-268 Payneham Road
Payneham
South Australia 5070**



Following recent visits to the Barossa Vines Ltd (BVL) vineyards this report has been prepared for the purposes of commenting on the general viticultural status of the (BVL) vineyards.

1. Summer at BVL

This season at BVL and in the Barossa region it has been much wetter than average. The following table demonstrates this. The data is from the Bureau of meteorology weather stations at Rosedale and Nuriootpa.

Rainfall mm	Long Term Ave	2010/11	Long Term Ave	2010/11
Period	Sep-Feb	Sep-Feb	Dec-Feb	Dec-Feb
Rosedale	186	367	60	209
Nuriootpa	200	388	62	231

It should also be noted that January 2011 was much dryer than average – recorded rainfall in that month at Rosedale and Nuriootpa was 9.1 mm (LTA 18.8) and 4 mm (LTA 18.8) respectively.

The temperatures in the region have been mild - not particularly hot or cold. There were some hot days at the end of December and January but typically the days have been warm and the nights mild. After a cool start to the season in September the daytime average maximums have been typically about average but the nights have been warmer than average.

This mild wet season is a very late one across south east Australia.

At BVL harvest is scheduled to start on the 22nd of March. In 2009/2010 the harvest began on the 10th of February and finished on the 30th of March. The start this year is nearly six weeks later than last season! It may be one of the latest ever seasons in the Barossa.

The late start to harvest has several implications:

- Further cool weather could prevent the grapes from ripening before the leaves cease to function.
- More rain could damage the crop.
- Winemakers expect cooler climate flavor characters in grapes this season – e.g. pepper.
- Target Baumes may be hard to achieve.
- The crop could ripen suddenly making the vintage fast and logistically difficult.

The early-season above average rainfall meant canopies developed well. For example the canopies on Cabernet Sauvignon grew well in this mild wet season and are generally better (bigger) than usual in the Barossa. The wine quality from the 2011 vintage of Barossa Cabernet Sauvignon could be exceptional.

Despite the wet season some parts of the BVL vineyards were still undersupplied with irrigation. In one or two blocks vines suffered defoliation and this will have a negative effect on grape quality. This highlights the previously reported need to increase water supply and upgrade irrigation capacity in many parts of BVL.

Overall the grape crops look well balanced and staff have done a good job managing vigour in a high-growth season. Evidence of this is minimal re-growth after recent rainfall. In particular the overall evenness of the mature vineyards is once again a positive feature of the mature cropping BVL vineyard this season.

The growth of mid-row cover crops was also well supported by the weather and in some more vigorous soils the plants in the mid row were allowed to grow on to reduce soil moisture and help to control vine vigour. This worked effectively.

Exceptionally warm wet weather in early December 2010 resulted in some outbreaks of downy mildew at BVL. These outbreaks have been well controlled through the season at BVL.

Wet weather is also conducive to weed growth. The weed control at BVL is generally excellent as a result of early intervention late last season in preparation for this one. There are a few minor areas where further weed control is to be done mainly as part of the long term strategy on some of the younger vineyards but overall the result is very good.

Good weed control has meant that the vines have been able to use the extra rainfall this year without competition from weeds.

The only area where the good season has not been fully taken advantage of is on the young vineyards where the vines have grown well but in many cases have not been trained as they should or were trained later than desirable. This has further delayed the establishment of the fruiting canopies and in some cases will mean a further year's delay before cropping starts.

Locusts have appeared periodically in the Barossa as they fly in from other areas where they have been hatching. So far there appears to be little effect from these insects at BVL other than some minor damage on some young vines. One risk is that if there are significant numbers of locusts on cropping vines at harvest time then they could be harvested with the grapes and then contaminate the grapes in the bins on delivery to the wineries.

2. The Vineyards Planted in 2008

At the block known as Boths and also the first stage of the Zerk block in their second year the vines have made growth that can be used to set up the trunk and the first part of the fruiting cordon of the vines.

Training in this regard was behind schedule in these blocks. Boths was not trained this season and so the first crop of grapes will not occur before 2013 because there will not be a cropping cordon before then.

The future of the Zerk block is also dependent on the establishment of additional water storages to service it and Eckermanns.

Weed control has been very good considering the season.

3. The Vineyards Planted in 2007

Parts of the Sturt Highway that were successfully replanted and that grew well last season will be harvested for the first time this year. The southern part of this block is growing well. There are still some parts however that need further attention to soil work and will not commercially crop before 2013.

The lower parts of the Sturt Highway block were flooded after heavy rains. This will require work to clean up debris and regain access to some of these areas. Parts of the vineyard are still inaccessible - this should be fixed.

The Eckermann 2007 blocks have some grapes in parts but this will not be a commercial crop in 2011.

In both blocks recent detailed soil analyses have identified that some areas are particularly challenging. The suggestion of re-planting with tougher complementary varieties in some areas is a good one.

The additional soil works in many parts of these young vineyards – including strategic mounding, ripping and gypsum applications – have been successful and the results are evident in the healthy growth of the vines. Note that the further soil works at both Sturt Highway and Eckermann will take time – at least a few seasons.

The new dam (or dams) at Eckermann/Zerk is a more urgent priority as these vineyards grow on and have to share water with the already under-watered parts of Rosedale.

Training and de-suckering in these blocks was later than desirable in many areas.

Weed control has been very good considering the season.

4. The Vineyards Planted in 2006

The 2006 plantings done to complete Waltons and to plant the first 100 acres or so of Sturt Highway are now cropping.

This area of Waltons was patchy as previously reported but is evening up now.

The first stage of Sturt Highway at the northern end of that vineyard is still the most problematic part of that block and needs ongoing intensive management to achieve reasonable production levels as previously recommended and described.

The comprehensive weed control strategy for Sturt Highway has worked really well in 2010/11 and this combined with the use of vineguards has transformed most of this block. There are still some areas of Couch grass that are problematic.

Vine training in parts of these blocks was behind schedule this season.

5. Established Cropping Vineyards

The established cropping vineyards have had a good season overall. All that remains to be seen is how the very late vintage unfolds.

A particularly impressive feature of the established cropping vineyards at BVL is the increasingly even nature of the vines. By this I mean that within blocks the canopies of each vine are similar. This is the result of ongoing efforts by the manager and staff to control weeds, to replace missing vines, to prune and train the vines and to either enhance or control vine growth and vigour through soil management.

Even vineyards produce predictable and reliable high-quality grape outcomes.

Overall the fruiting canopies at BVL have been in very good shape with good shoot growth. Cabernet Sauvignon canopies are larger than usual and should produce high quality grapes.

Trimming, canopy management, management of water availability by timing of slashing of cover crops, mounding soil and limited strategic irrigation have all been well done at BVL this season except where shallow soils and limited irrigation capacity again caused some problems.

In some shallow-soil areas additional shoot thinning and heavier than usual pruning have resulted in lower crops that should be of correspondingly higher quality than usual.

Conversely in some more vigorous areas machine pruning followed by hand cleanup has allowed bigger but still well balanced canopies.

This targeted approach to management of the BVL vineyard assets will offer different levels and quantities of grape quality to prospective buyers and will optimize the vineyard's commercial opportunities, given further attention to the water supply and delivery systems.

Weed control has been excellent considering the season.

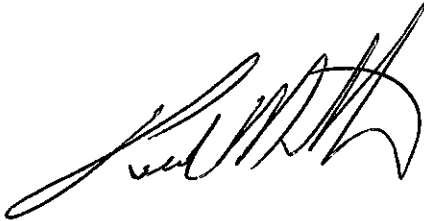
6. Summary

At the end of the summer 2010/2011 I maintain my view that the mature cropping BVL vineyards are of a good standard, especially given the scale of operations.

The review of the water supply and irrigation capacity has highlighted significant further works that need to be done to mitigate risk across the BVL vineyards. Some of this has been done with more needed for the immediate future. In particular water storage resources and delivery capacity for the Rosedale vineyards and Eckermanns and Zerk blocks still require improvements as previously reported.

Despite the success of the previous intensive work last season on the young vineyards, the lack of training this season has further delayed their progress to cropping by another year in most cases. In general the young vineyards need more attention to prevent them falling further behind.

Overall the efforts during this season on the mature vineyards are a credit to the management, the staff and the additional resources implemented by BVL. The increasingly even nature of the cropping BVL blocks is a credit to the effective management and is a major factor in their high-quality crop potential.

A handwritten signature in black ink, appearing to read 'Paul Miller', with a stylized, cursive script.

PAUL MILLER