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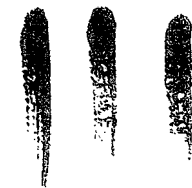
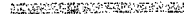
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**The Barossa Vines Limited (BVL) Vineyards
Summer and early Autumn 2008/2009
Viticultural Status**

May 12 2009

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



Following visits to the BVL vineyards on January 14, January 21, February 4, February 10, March 11&12 and March 30&31 2009 this report has been prepared for the purposes of commenting on the general viticultural status of the Barossa Vines Ltd (BVL) vineyards.

1. Summer 2008/2009 and early Autumn 2009 at BVL

Until late January 2009 the summer was cooler than usual. There was also useful and above average rainfall in December 2008. March was also on average or slightly cooler than average for the region with some below average rainfall. There was no effective rainfall in January or February 2009.

The standout features of the period that had the most effect were extraordinarily hot weather at the end of January and the beginning of February 2009 combined with no rainfall in those months. The temperature data for this period from the Rosedale and Nuriootpa weather stations as reported by the Bureau of Meteorology is shown below:

Bureau Stations - Temperature data - 2/11-0/2
2009

	Rosedale		Nuriootpa	
	Max	Min	Max	Min
27.1	43.7	19.5	41.7	16.1
28.1	46.2	26	44.1	21.1
29.1	44.1	30	42.5	26.9
30.1	44	26.5	41.9	22
31.1	42	26	41	23.1
1.2	41.6	25.7	39.8	23.2
2.2	40	26	37.4	24.9
3.2	37.7	17	37.7	18.2
4.2	35.4	15.9	35.6	12.8
5.2	35.1	14.5	36.1	12.6
6.2	44.5	19.1	41.7	17.7
7.2	46.3	23.6	43.9	19.8
8.2	26.5		24.6	

During a 12 day period 9 of those days had maximum temperatures over 40 degrees centigrade. Importantly nighttime temperatures offered little relief from this heat with 6 of those days having minima over 25 degrees.

This widespread hot dry weather that also led to serious fires had adverse affects in most wine regions across south-eastern Australia and the Barossa was no exception. Most areas reported damage to grapes and significant reductions in yield. This was particularly the case on vineyards such as BVL where the irrigation has always been intended as supplementary to natural rainfall and therefore the crop is more susceptible to weather outcomes than in higher yielding fully irrigated areas such as Sunraysia.

The crops at BVL were seriously affected in volume. Many grapes cooked on the vines and then shriveled. Some blocks were not able to be harvested and all others had some degree of

crop reduction. Harvest ran from mid February until the end of March 2009 as the staff targeted particular areas that had been affected to varying degrees.

One encouraging outcome was that the BVL grape quality and initial wine quality outcomes were reported as very good by winemakers despite that adverse weather effects. This showed that the vines were managed back to some crop recovery and that harvesting was strategic and carried out effectively under difficult circumstances.

There were varied responses to this heat-wave across the BVL vineyards. The least affected vines were in lower areas with naturally deeper soils that apparently had greater stored water resources than areas with shallower soils particularly on slopes and tops of hills.

Some parts of the BVL vineyards also had extra capacity in irrigation and were able to receive more water than normal but as previously reported the water supply in the Barossa was limited again this year and the BVL vineyards overall were not able to deliver water in the same quantity that fully irrigated vineyards were able to before and during this time.

The Rosedale Vineyards were particularly affected but so was the Sturt Highway block in its first year of cropping.

The manager is proposing additional strategic soil management action in particular areas including mulching, mounding, increasing soil organic matter and some extra deep ripping and gypsum applications to improve the soil water holding capacity.

The manager is also reviewing the water supply and delivery capacity in light of this year's events. The manager is proposing to extend the soil moisture monitoring capacity of all the vineyards.

This period of high temperature was record breaking and its effects were extraordinary. At the same time the weather in Southern Australia seems to be getting dryer and warmer times are predicted so it is timely for a strategic review of the irrigation capability and soil moisture management at BVL.

The long-term future of the cropping vines is unlikely to have been adversely affected by this season's weather events – the vines under the driest conditions dropped leaves after the heat and are entering dormancy earlier than usual in Autumn but some water was able to be applied post-harvest to most of the cropping vineyards.

The re-planting and remedial work on the young newly established non-cropping vineyards following losses of vines in past seasons had varying degrees of success. The shortage of planting material at BVL in 2008 and the consequent use of cuttings (rather than the usual practice of one-year-old rootlings) on several young BVL vineyards in 2008 was not successful. The survival rate of these is very limited. These young blocks will need substantial further replanting in 2009.

Vineyards that were able to be re-planted with one-year-old vines (rootlings) in the usual manner have also showed significant losses in some areas. There are clear differences in success between different sources of planting material and this needs careful attention to avoid this unsatisfactory outcome again in the future.

The previously reported healthy status of the vines throughout the BVL projects has been maintained. The manager has reported no commercial incidence of diseases on the vines during the 2008/2009 season.

Cover crop establishment between the vine rows was successful in most areas this season and the manager plans to use this technique in all areas next season subject to the weather.

There were early season issues with weed control on several BVL vineyards following the good winter and early spring rainfall. This carried through into summer becoming a problem in some of the younger vineyards including some in their first cropping years.

2. The Vineyards Set Up in 2008

Re-planting will be needed in most areas in 2009. The need for high quality vines for re-planting is paramount. Weed control is being done earlier than usual in these areas in anticipation of the re-planting process that is planned to be done at the optimum time before next season.

3. The Vineyards Set Up in 2007

Some of these vineyards were re-planted with one-year-old rootlings while others were re-planted with cuttings. This was after the vines planted in 2007 suffering significant losses during the dry latter part of the 2007/2008 season. The overall success rate from this season is being determined at present but there is a significant need for further re-planting later this year.

4. The Vineyards Planted in 2006

These vines were planted during the problematic 2006/2007 season and so there is still some variable vine development that can be seen across parts of the Sturt Highway block and the second stage of Waltons (where as previously reported strategic water rationing resulted in some blocks being restricted in their development). The Waltons Vineyard had reasonable cropping given the conditions while the Sturt Highway Vineyard suffered badly in the heat and had little or no harvest this year.

The Sturt Highway Vineyard is starting to show signs of soil nutrition issues in some areas – perhaps excessive levels of soils salts including boron - and the manager plans to commission new detailed soil surveys to identify strategies to overcome these problems. Weed control has also be the most difficult to achieve at this Vineyard of all the BVL blocks and this Sturt Highway block will need additional attention for some time.

5. The Vineyards Established in 2005

The vines planted in 2005 had their second commercial crop in 2009. All had cropping potential for 2009 but not all were harvested after the affects of the heat-wave. However, it was pleasing to see resilience in many parts of V Block and Waltons in the face of the extreme conditions and the winemakers were pleased with the grape quality from these young vineyards. These Vineyards had some of the best 2009 crop outcomes of all the BVL vines.

6. Established Cropping Vineyards

Across the Barossa and in other nearby regions there had been the general anticipation of a reasonable crop in 2009. The heat wave at the end of January and early February dramatically changed this anticipated outcome and the data for the 2009 crops reflects this.

The vines in the Rosedale Vineyards particularly on shallower soils on the hills suffered badly from the heat and some strategies to address this have already been described. Many of the worst affected areas were not able to be harvested because of the almost totally shriveled and cooked berries within bunches.

Those that were harvested were picked strategically and the winemakers reported effective avoidance of low-quality grapes delivered to the wineries. This reflects skill at BVL in the planning and execution of harvest during a very difficult vintage.

7. The 2009 Wine Grape Crop Outcome

The 2009 harvest was completed with the following yield levels reported to me by the manager – 2008 yield levels are included for comparison:

BVL 2009 Wine Grape Yields

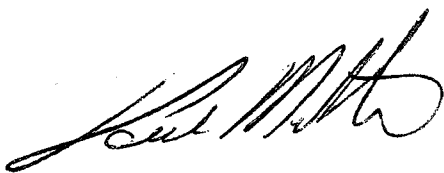
Blocks	Vineyard area	Tonnes harvested	Tonnes per ha	T/ha 2008
Lyndoch (98&99)	49.5	91.2	1.8	9.3
Greenock	20.0	55.5	2.8	8.7
Rosedale (00&01)	67.1	64.5	1.0	8.2
Rosedale (02)	58.5	25.9	0.4	7.8
Rosedale (03)	46.7	67.6	1.4	7.4
Rosedale (04)	124.3	499.6	4.0	5.4
BVL Land Holding (05)	188.1	728.1	3.9	2.7
BVL Land Holding (06)	194.9	150.6	0.8	

The crop figures for 2009 in comparison with 2008 speak for themselves. There are lessons to be learned from the variation in cropping levels and this will be a task of analysis for the manager between now and next season.

The management of the BVL vineyards during the summer of 2009 season has been undertaken during a difficult season for the cropping vineyards. Seasonal conditions resulted in a severely reduced crop outcome that in turn required careful and strategic salvage of the remaining crop. The grape and wine quality outcome from this reduced crop is reported as initially very pleasing. Given adequate water and attention the cropping vines should not be adversely affected in the future.

The adverse weather events of the end of January and early February 2009 were extraordinary and record-breaking. The manager is in the process of responding to these events and developing strategies to mitigate the effects of such occurrences in the future.

The key issues remain on the young vineyards that will need significant replanting and in most cases will be delayed in their development to become cropping vineyards.

A handwritten signature in black ink, appearing to read 'Paul Miller', written in a cursive style.

PAUL MILLER