

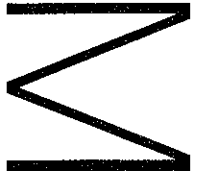
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ANNUAL VITICULTURAL REPORT

2009/2010 FINANCIAL YEAR

The Barossa Vines Limited (BVL) Vineyards:

August 31 2010

Including:

Lyndoch Vines Projects Nos. 1 & 2 Yaldara Drive, Lyndoch, South Australia (SA)

Greenock Vines Project, Greenock, SA

Rosedale Vines Projects 1, 2, 3, and 3 Stage 2 Rosedale, SA

Barossa Vines, 2004/2005 Project at Rosedale, SA and on the land known as Waltons, Seppeltsfield, SA

Barossa Vines Project 2006 on the land known as Waltons, Seppeltsfield, SA and on the land known as BVL Sturt Highway Block, Daveyston, SA

Barossa Vines Project 2007 on the land known as BVL Sturt Highway Block Daveyston, Eckermann Road Block Rosedale and Gomersal Road Block Shea-oak Log, SA

Barossa Vines Project 2007 for 2008 growers on the land known as Gomersal Road block She Oak Log and Zerk 1 block Rosedale, SA



Report for:

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



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1. Introduction

1.1 Terms of Reference

This report is prepared for Barossa Vines Ltd (BVL) with regard to the vineyards developed and managed by Barossa Vines Ltd. The report refers to the season encompassed by the 2009/2010 financial year. The report is done to comment generally on the viticultural status of these vineyards and on their operations during that season from a viticultural point of view.

Specifically the report is done to comment on:

- The works and operations carried out on the vineyards during 2009/2010,
- Whether or not the works have been carried out in accordance with good viticultural practice and in line with reasonable accepted industry standards
- Specific suggestions and observations regarding future operations in particular the coming season
- Any other recommendations.

1.2 Disclaimer

This report has been prepared by Paul Miller and Associates for Barossa Vines Ltd for their information and for the information of their clients involved in these vineyards.

The report contains the opinions and observations of the consultant with regard to the operations of the vineyards managed by BVL from a viticultural point of view for the 2009/2010 year. The report in no way warrants or guarantees the future physical or financial performance of those vineyards. Vineyards performance may be influenced by weather, management decisions, industry conditions and many other external factors which are outside the scope of this report.

Paul Miller and Associates and Paul Miller have no interest in BVL, the Projects the land owning companies or any property of BVL, the Projects or the land owning company. Paul Miller and Associates is independent of BVL, the projects and the land owning companies and this report is provided for an agreed consulting fee.

Paul Miller
Paul Miller and Associates
August 31 2010

2. The 2008/2009 Season – Overview and Weather

2.1 General Conditions

The 2009/2010 season was generally a favourable one for viticulture in the Barossa. About average rainfall along with excellent ripening conditions prior to harvest meant that high quality grapes were harvested from the BVL vineyards as previously reported. Since then winemakers have been confirming the correspondingly high quality wine outcomes from these grapes.

Harvest outcomes were reported in the previous May 31 2010 report and are repeated in summary in this report. The grape yields from the cropping vineyards at BVL in 2010 were much better than in the difficult 2009 season but can still be improved in several areas.

Soil works along with ongoing improvements to irrigation capacity are being done with more planned for BVL. The overall capacity of the soils to store water and the ability to deliver water during hotter than average summers is being increased. This in turn should result in increases in average yields assuming that some major works in particular new dams to increase storage capacity are done in the future. Natural seasonal factors will of course have an impact on yields.

The young vineyards that have been problematic in recent years have improved markedly during the last season. The establishment of new and replanted vines was pleasing in 2009/2010. So was the training and care of young established vines. Attention to watering, weed control and evident good quality new vines have all contributed to a much improved outcome. These young vineyards still need work to get them to cropping in future years but they are now well on the way to being properly set up for long-term grape production.

Overall weed control was excellent during the 2009/2010 season and the work in preparation for weed control in the 2010/2011 season again looks to be well in hand. Some areas will require additional attention given recent wet weather.

The autumn and winter period has been ideal for cover crop establishment and timely sowing combined with good rainfall has resulted in generally excellent cover crops across the BVL vineyards.

Pruning in preparation for the 2010/2011 season is generally complete and of a high standard taking into account the yield potential and grape quality of each vineyard.

The previously reported healthy status of the vines throughout the BVL projects was maintained for the entire season with no significant occurrences of pests or diseases.

2.2 Weather Observations and Effects

The tables of weather data below from two local weather stations, Rosedale/Turretfield and Nuriootpa, record the local weather conditions close to the vineyards described above in 2009/2010.

Comparative 2009/2010 weather data Rosedale Turretfield (station 023343 - averages since 1887)						
	Rainfall mm/month		Mean daily min temp. degrees C		Mean daily max temp. degrees C	
	Average	2009/10	Average	2009/10	Average	2009/10
Jul	58.8	86.7	5.0	6.0	14.7	15.0
Aug	57.4	47.7	5.7	5.9	15.7	17.4
Sep	53.7	79.6	6.6	6.5	18.1	18.9
Oct	44.8	33.4	8.3	7.5	21.5	21.1
Nov	28.3	27.4	11.1	14.2	25.4	31.1
Dec	22.7	18.4	13.4	12.9	28.1	29.7
Jan	18.5	9.3	15.0	14.8	30.0	32.6
Feb	18.3	12.7	15.6	16.8	30.5	32.4
Mar	19.7	17.0	13.3	13.6	27.1	28.9
Apr	35.9	47.1	10.6	12.3	23.0	24.3
May	53.4	59.5	8.3	7.9	18.6	19.4
Jun	56.4	43.1	6.3	5.0	15.5	15.4
Annual	467.9	481.9				

Comparative 2009/2010 weather data Nuriootpa (station 023373 - averages since 1952)						
	Rainfall mm/month		Mean daily min temp. degrees C		Mean daily max temp. degrees C	
	Average	2009/10	Average	2009/10	Average	2009/10
Jul	66.2	89.6	4.4	6.1	13.2	13.5
Aug	63.6	49.6	4.8	6.2	14.3	16.1
Sep	60.0	69.0	5.8	6.7	16.8	17.7
Oct	49.4	33.8	8.0	7.9	20.2	19.6
Nov	29.3	39.2	9.9	13.9	23.8	29.5
Dec	24.3	21.0	11.8	12.5	26.3	28.2
Jan	18.8	9.2	13.6	13.9	28.8	31.5
Feb	18.5	2.6	13.9	15.8	28.6	30.8
Mar	22.2	20.2	11.8	13.1	25.7	27.1
Apr	38.2	60.2	9.0	11.2	21.4	22.5
May	55.0	44.2	6.7	6.2	17.0	17.9
Jun	56.3	40.0	5.1	3.7	14.2	13.6
Annual	501.8	478.6				

The 2009/2010 season was about average for rainfall with a generally dry summer but typical and useful winter and spring rainfall. In addition the post harvest period had useful rainfall in April that eased the need for post-harvest irrigation. During the rest of winter

good rainfall has continued with above average falls in August and the forecast for further rain during spring. This augurs well for a good start to the 2010/2011 season.

Overall the season was warmer than average during the growing season continuing recent trends. The late summer and early autumn period had generally ideal ripening conditions for the grapes with no damaging spikes of hot weather in contrast with experiences in previous years. The grape quality outcomes for 2010 at BVL were generally excellent with regard to producing regionally representative high quality wine-grapes.

The standout feature of the season was the previously reported hot weather in November. The November 2009 average maximum temperature was about 5 degrees C above the long term average. The hot days and nights were from the 8th to the 15th of November and then again on the 19th and 20th. The Nuriootpa weather station recorded 9 days over 35 degrees Centigrade during this period. At Rosedale there were several days over 40 degrees during this time.

\ This reduced the fruit-set of grapes on some vineyards and on some varieties in the region including Cabernet Sauvignon. BVL vineyard staff believe that this had a minor effect on Cabernet Sauvignon at BVL but that there was no effect on Shiraz. Such hot weather as that which occurred in November 2009 has been suggested by some viticulturists as possibly damaging flower bud development for the next season. Time will tell - many factors affect flower buds and fruit set. The favourable post harvest conditions this autumn would normally be expected to set the BVL vines up well for the 2010/2011 season.

The irrigation at BVL was adequate in most areas of the vineyards during the 2009/2010 season although some areas were limited in their ability to keep up with water demand in the dry late summer. Given experiences with hot periods in summer in recent years and generally warmer summers than in the past BVL intends to further increase its water supply and irrigation capacity both by obtaining additional irrigation supplies from the local water infrastructure and increasing water storages on site.

The need for improved irrigation is particularly relevant to the vineyards located at Rosedale including both the mature Rosedale vineyards and the young Eckermans and Zerk blocks. Extensive mounding work on the vineyards at Rosedale – now over 200 ha of soil mounding - has improved their moisture holding capability. However this area of the BVL vineyards is still susceptible to damage and crop reduction as a result of hot weather spikes during summer and early autumn unless increased water supplies are implemented.

Autumn winter and early spring rainfall in 2010 across south east Australia has so far been better than for most of the last decade. This should ease water supply restrictions throughout the irrigation regions of southern NSW, Victoria and South Australia and make more irrigation water available for purchase from the local system.

All the BVL dams were filled or filling across the BVL properties at the end of winter 2010.

3. Status of the Vineyards for all Projects during 2009/2010

3.1 The Vineyards Set Up in 2008

The replanting in most areas on the block known as Boths as well as the first stages of the Zerk block has been successful with high rates of survival and establishment that are well within industry norms. These new vines are now mostly well established to be trained up to the cordon in the next season and if this is done successfully there will be some cropping potential for 2012.

Mounding of the soil and further application of soil ameliorants was successful at the Zerk block and further applications of gypsum at Boths also proved effective. Note that this program will need to extend for several seasons to maximize the potential of these vineyards.

As part of the re-consideration of water supplies across the BVL vineyards the manager plans to establish more dams and this will need to happen for the 2008 vineyards as the vines grow on from this good establishment and need more water.

3.2 The Vineyards Set Up in 2007 and part Sturt Highway Set Up in 2006

There was significant further re-planting last year of the 2007 vineyards that included the balance of the BVL Sturt Highway Block at Daveyston, the Eckermann Road Block at Rosedale and part of the Gomersal Road Block at Shea-oak Log. Part of the BVL Sturt Highway Block was first planted in 2006 and there was some replanting of this block as well.

A favourable season combined with effective weed control has resulted in these vines being well established to be trained up to the cordon in the next season. At the Sturt Highway block some of the replants made it to the cordon wire this season and that is a very good outcome. Cropping could commence on many of these vines in 2012.

The use of vine guards, mounding of soil and changes to irrigation frequency have all contributed to a much better outcome this season than for the previous 2 seasons.

As part of the re-consideration of water supplies across the BVL vineyards the manager plans to establish more dams and this will need to happen for the Eckermanns vineyards as the vines grow on from this good establishment in 2009/2010 and need more water in future.

The additional soil works at Sturt Highway and Eckermanns have included ripping in Autumn with a vibrating ripper as well as gypsum applications at rates of up to 10 tonnes per ha. At Sturt Highway improvements from this activity are evident with improved drainage after recent heavy rains. Note that this program of soil improvement will need to extend for several seasons to maximize the potential of these vineyards.

3.3 The Vineyards Established in 2006

The 2006 vineyards included the first stage of Sturt Highway at the northern end of this block as well as completion of the Waltons block. These were uneven blocks following a tough start in 2006/2007 but are becoming more even and well established as the efforts to recover vine growth take effect. The good weed control and a good season for growth in 2009/2010 have helped in this regard and the vineyards are well set up with regard to weed control for next season as well.

The Waltons block is fast becoming an excellent even vineyard including this second stage.

The northern end of the Sturt Highway block is proving to be the most problematic part of that vineyard and is receiving ongoing work including mounding, ripping of over 50 ha and application of soil ameliorants to maximize soil availability to the vine roots. This was based on recently undertaken further soil surveys across the Sturt Highway vineyard. There is still variable vine development that can be seen across parts of the Sturt Highway block and this block will take longer than most to become even.

3.4 The Vineyards Established in 2005

The vines planted in 2005 – V block and the first stage of Waltons – had their third crop this season.

In both cases these are proving to be outstanding young vineyards that have performed well during the last two seasons with apparent excellent grape quality outcomes. It is pleasing to see young vineyards performing to this high standard. It is often the case that vineyards do not give reliable quality outcomes until about the 10th year or later in the life of the vines. V block and Waltons are already proving to be vineyards that generate sought after high quality wine grapes in a reliable manner despite their youth.

Both have been pruned in similar ways to the 2009 winter pruning in anticipation of similar potential in 2011.

3.5 Established Cropping Vineyards

During the high quality 2010 vintage there were again differences within and between blocks in amounts and quality of grapes that are indicating the long-term potential of particular areas and being taken into account in vineyard management. These were foreseen in 2010 based on previous years' experiences. The BVL vineyards thus offered different grape and wine styles to wineries and winemakers but all within the overall desirable Barossa style.

Variations range from high growth-potential sites in lower areas at the Lyndoch end of BVL to low growth-potential sites on hilly parts of the Rosedale blocks. These variations are

being managed in consideration of the capacity of these vineyards with high-growth blocks being watered carefully and low-growth vineyards undergoing soil improvement and planned increases in the capacity for water storage and delivery.

At the same time grape quality from different blocks is being monitored and this will in turn offer subtle but important quality variations and alternatives to wineries.

Pruning of the mature vineyards was done at different times during winter in consideration of the likely crop potential in 2011 with a view to extending the harvest period for the main BVL variety Shiraz. This will of course also be influenced by the weather conditions at the time.

Water quantity and availability need ongoing upgrades across the BVL vineyards in many areas in consideration of warmer drier seasons. It is intended to increase the overall interconnected water storage capacity of the BVL vineyards when new dams are built.

Mounding to increase the soil available to the vines has now been done successfully over about 280 ha of the BVL vineyards with more planned for the future.

3.6 The 2010 Harvest Outcome

The 2010 BVL harvest outcomes were reported to me as shown below.

BVL 2010 Wine Grape Yields

Blocks	Vineyard area	Tonnes harvested	Tonnes per ha 2010
Lyndoch (98&99)	49.5	255.9	5.2
Greenock	20.0	65.7	3.3
Rosedale (00&01)	67.1	286.4	4.3
Rosedale (02)	53.0	226.3	4.3
Rosedale (03)	52.3	151.6	2.9
Rosedale (04)	124.3	817.9	6.6
BVL Land Holding (05)	188.1	946.5	5.0
BVL Land Holding (06)	194.5	497.3	2.6

The harvest in 2010 was conducted over a period of about 6 weeks and the good ripening conditions meant that blocks of different yield levels and maturity were able to be harvested progressively as wineries and BVL determined that the grapes were at their optimum maturity. This was a less rushed vintage than some in recent years and the quality outcomes were very good.

4. Vineyard Activities 2009/2010

4.1 Soil Management and Weed Control

The conditions after harvest in autumn 2010 were suitable for the re-sowing of mid-row grasses in all areas. These cover crops sown between the vine rows have grown well. The cover crops will be slashed and weed-sprayed in order to conserve moisture as needed during spring.

Increased attention to soil management has been part of the strategy for BVL during 2009/2010. The mounding, sowing of grasses, ripping and gypsum applications in parts of the BVL vineyards are all part of this overall strategy.

Weed control during the 2009/2010 season was generally highly effective and areas with previous significant problems are now well in hand. Weed control in vineyards is always a management challenge being directly affected by the weather. In 2009/2010 the BVL team produced a credible result particularly considering the large scale of the BVL vineyards.

It should be noted that the increase in the soil available to vines through mounding, mulching and soil improvement is a long term strategy that will take some years to maximize its effects.

4.2 Pruning

The established vines at BVL were grown successfully in the past season so that shoots on these vines finished the season with adequate growth to allow normal pruning in 2010. The growth after budburst in spring was even and there was minimal excess growth indicating that the overall pruning approach continues to be appropriate for the vines in these vineyards. The mature vines delivered high quality outcomes as a result of fruiting canopies that work well in the Barossa climate.

In some areas of more vigorous natural growth the vines have again been machine pruned to higher bud numbers in anticipation of higher crop levels. In other particular areas bud numbers have been restricted to generate lower crop levels aimed at higher quality outcomes. Most of the vineyard has been pruned as in past years but in the future this may change in response to grapevine development and cropping potential as the vines mature.

The younger vineyards are being hand pruned and wrapped along the cordon wire depending on the age and development of the vines.

Newly established vines have been two-budded (cut to two buds that will lead to a strong shoot being selected to grow up the string and be tipped and then trained partly along the cordon during 2010/2011).

The timing of pruning has been altered on some vineyards to encourage earlier or later budburst and therefore some potential variation in times of grape maturity. Weather during the growing season will also affect harvest timing.

As in past years the pruning process appears timely and well done across the vineyards managed by BVL.

4.3 Pest and Disease Management

The vineyards appeared clean throughout the season and the manager did not report any significant outbreaks of pests or diseases. The dry summer and early autumn was conducive to a low incidence of diseases and the early season spray program also appears to have been effective.

There were some areas infested with snails during the last season and specific control measures have been effective. Snails do not necessarily damage the vines but snails are not wanted amongst the harvested grapes that arrive at the wineries!

4.4 Training of Young Vines

The season was a generally good one for the growth of the young non-fruiting vines. These vines were trained as they grew to the stages where intervention was warranted resulting in steady establishment of the structure of the vines and the cordons during the season.

4.5 Canopy Management

In the cropping vineyards BVL has used a consistent management approach to the manipulation of the fruiting canopies from year to year.

Young cropping vines have generally been supported by foliage wires to achieve a mix of upright shoots with some overhang and some outwardly growing shoots.

This approach has been important to establish strong cordons along the row and well-spaced and well-directed spur positions on the vines.

As the vineyards mature the blocks of vines are graduating to simple permanent support wires avoiding the need for lifting and placement of wires during the season. In some cases no foliage wires will be required in the long term.

Shoot growth can also be controlled by competition from mid-row grasses in high-growth blocks and if necessary irrigation water can be restricted to slow shoot growth.

4.6 Irrigation and Fertilizer Application

Irrigation was needed throughout most of the growing season as usual. As previously mentioned the water holding capacity of the soils and the overall water delivery capacity of the BVL vineyards is being improved and will need further work in the future.

The fertilizer applications are based upon the results of testing vine tissues (petiole sampling), observations of vine growth, the results of soil testing done prior to planting and local experience.

Fertilizer application is done mainly through the irrigation system – fertigation. The manager is also equipped to spray nutrients on the vines if necessary.

The main activities with regard to fertilizer applications have been to apply measured amounts of nitrogen, phosphorous, zinc and manganese.

I have observed healthy growth throughout the vineyards managed by BVL and this indicates that the vines are receiving the nutrients they need. Effective weed control is essential to assist with fertigation - feeding the vines rather than weeds.

4.7 Trellis Maintenance

The harvest process has resulted in some damage to posts and trellis wires. This is minimal, is well within industry norms and the manager is replacing posts and repairing wires as necessary.

5. Works and Considerations for all Projects 2010/2011

5.1 Young Vineyards

Some replanting is still needed on the young vineyards and this should be done during September and October as weather allows.

The weed control, fertigation and timely vine training all need to be kept in focus on the young vines so that the re-establishment process will accelerate the growth of these young vineyards to the status of the older cropping vineyards managed by BVL.

Training during the season needs to be done to establish the long term structure of the cordon and fruiting spurs to facilitate the normal canopy management of the BVL vineyards.

5.2 Cropping Levels

The manager is again targeting up to 10 tonnes per ha as a maximum average crop level in 2010 on the vineyards where the cordon and canopy are fully developed, at lesser levels on younger vines according to the capacity of those vines and in some cases at lesser levels on

mature vines that have exceptional quality potential. The ultimate crop will of course depend on the seasonal conditions.

The vineyards have been winter pruned in line with the above yield targets and in some areas with respect to specific crop and quality outcomes.

5.3 Pest and Disease Management

The manager has experience in this aspect of vineyard management in the region and the effective practices of the past should be continued. In addition new developments in the technology of pest and disease management should be monitored and tested. Recent acquisitions of multi-row equipment have increased the BVL capability for pest and disease management.

5.4 Irrigation and Water Supply

The BVL dams have been filled. Irrigation maintenance is planned for spring including flushing of the ends of irrigation lines.

The electronic monitoring of water movement in the soils and its use by the vines should be continued and expanded into the new vineyards as planned. Irrigation management needs to respond to seasonal conditions and monitoring of soil moisture and weather conditions combined with experienced observations of the condition of the vines are the key to these responses.

5.5 Soils

The periodic application of gypsum across the vineyards is intended to be continued into the future. The manager monitors erosion from unusually heavy rainfall and carries out repairs to soils including access roads as necessary. Recent activities have included sowing bare areas and headlands with specific grass species.

A local soils expert completed detailed further analyses of the Sturt Highway and the Eckermann vineyards that resulted in the reported soil improvement activities. The same expertise should be used periodically as the BVL vineyards mature to monitor issues such as compaction and any unexpected variations in vine performance in specific areas.

5.6 Vine Nutrition

Vine tissues – petioles – should continue to be sampled across the vineyards to provide a guide with regard to the nutritional status of the vines.

The program of the application of measured amounts of nitrogen, phosphorous, zinc and manganese supplemented by foliar fertilizers as necessary continues to work well and will be the right basis for the approach to feeding the vines in 2010/2011.

5.7 Harvesting Capacity

The use of local harvesting contractors with machine harvesters worked well in 2010 and should be adequate in 2011 given the location of the vineyards in a major winegrape area and given a strategic approach to crop levels and harvest aims.

As the crop levels increase the predominance of Shiraz will present some logistical challenges if the vintage is concentrated by hot weather. This is being considered in planning of watering and yield/quality strategies across the BVL vineyards.

Transport of grapes to the wineries was done effectively using local contractors and the region appears well serviced in this regard.

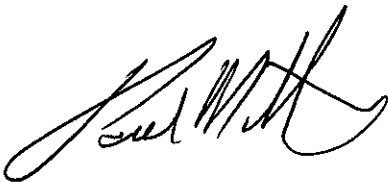
SUMMARY OPINION

The management of the BVL vineyards during the 2009/2010 season has been done in consideration of the seasonal conditions and the limited water supply. Overall the manager appears to have completed activities that resulted in the high quality 2010 crop outcome and since then to prepare for the 2011 crop.

There have been difficulties in the establishment of the young vineyards in previous seasons. It was pleasing to see a major additional and well coordinated effort by the vineyard staff to achieve a marked turnaround in outcomes on these young vineyards in 2009/2010.

In my opinion the cropping vineyards managed by Barossa Vines Ltd have been operated during 2009/2010 in accordance with good viticultural practice and to acceptable industry standards. The younger non-cropping vineyards have been subject to intense additional efforts during the 2009/2010 season and are also being managed in accordance with good viticultural practice to acceptable industry standards.

The manager intends to make further changes with regard to soil conditions, water supply and delivery across the BVL vineyards. This includes increased water storage capacity to improve the resilience of the vineyards under hot dry conditions and to mitigate risks for future crops. Ongoing intensive management is needed on the young vineyards to capitalize on this season's effective efforts and to set up these vineyards for future cropping.

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

PAUL MILLER