



AUSTRALIAN WOOL INNOVATION LIMITED
ABN 12 095 165 558

NOTICE OF ANNUAL GENERAL MEETING

ANNUAL GENERAL MEETING 2013

Friday 22 November 2013
10am Australian Eastern Daylight Saving Time

The Grace Hotel
Wilarra-Marra Room
77 York St
Sydney
New South Wales

9am - Registration commences

Following the AGM, the Chairman invites all attendees to join the Board and AWI staff for a light lunch.

For more information about the AGM contact:
Link Market Services on 1800 113 373

LETTER FROM THE AWI CHAIRMAN

Dear Shareholder

I am pleased to provide you with this Notice and strongly encourage you to attend the Australian Wool Innovation Limited ('the Company') Annual General Meeting ('AGM') at 10am on Friday 22 November 2013 at:

The Grace Hotel
Wilarra-Marra Room
77 York Street
Sydney
New South Wales

The AGM is an opportunity for you to hear an update on the Company's activities during the 2012/2013 year and matters in which the Company has become involved to the date of the AGM, along with the Company's future direction in implementation of its strategy into the 2013/14 year.

As a shareholder, you can again have your say about the performance and direction of your Company at the AGM. As outlined in this Notice of Meeting, shareholders will be asked to:

- consider the Financial Report of the Company, the Directors' Report and the Auditor's Report, for the financial year ended 30 June 2013;
- vote on the size of the Board; and
- vote on the election of Directors.

The candidates for election are set out in this Notice of Meeting. All of these candidates have been assessed by the Company's Board Nomination Committee. Those AWI shareholders eligible to vote at this AGM will find enclosed with this Notice of Meeting a Report from the Board Nomination Committee which may assist you in considering each of the candidates.

At this AGM, there is again a resolution in relation to the size of the board. The number recommended by the board is 7 directors. The reasons for this are that it:

- allows for a diversity of skills and experience;
- limits the administrative cost of the Board;
- is an odd number, which facilitates a majority on decisions; and
- leaves flexibility to appoint a further Director if needed.

The Board recommends that shareholders vote in favour of this resolution.

If you plan to attend the AGM, please bring the enclosed proxy form to facilitate your registration, which will commence at 9am.

If you are unable to attend the meeting, I encourage you to appoint a proxy (either via post, fax or internet) to vote on your behalf.

Yours sincerely

A handwritten signature in black ink, appearing to read 'W B Merriman', with a small flourish at the end.

Walter B Merriman
Chairman

NOTICE OF ANNUAL GENERAL MEETING

Notice is given that the Annual General Meeting (AGM) on the Company is to be held at The Grace Hotel, Wilarra-Marra Room, 77 York Street, Sydney, New South Wales on Friday 22 November 2013, commencing at 10am Australian Eastern Daylight Saving Time.

AGENDA

Please read the Explanatory Information which contains important material relevant for shareholders to consider in casting their votes in relation to the business of the AGM.

BUSINESS OF THE MEETING

1. Consideration of Reports

To receive and discuss the Financial Report of the Company, the Directors' Report and the Auditor's Report, for the financial year ended 30 June 2013.

2. Board Size Limit Resolution

To consider and if thought fit to pass the following as a resolution:

To approve a board limit of seven (7) Directors as proposed by the Board and described in the Explanatory Information.

The Board recommends that shareholders vote in favour of this resolution.

3. Election of Directors

To consider and if thought fit to pass the following as separate resolutions:

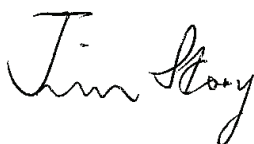
Current Director Candidates

- (a) To re-elect as a Director Mr George Falkiner who retires as a Director in accordance with Rule 13.3(a) of the Company's Constitution and, having consented, offers himself for re-election.
- (b) To re-elect as a Director Dr Meredith Sheil who retires as a Director in accordance with Rule 13.3(a) of the Constitution and, having consented, offers herself for re-election.

Candidates each nominated by at least 100 shareholders

- (c) To elect as a Director Mr Paul Cocking who, having consented, offers himself for election.
- (d) To elect as a Director Mr John Hassell who, having consented, offers himself for election.
- (e) To elect as a Director Mr Jock MacRae who, having consented, offers himself for election.
- (f) To elect as a Director Mr James Morgan who, having consented, offers himself for election.
- (g) To elect as a Director Mr Martin Oppenheimer who, having consented, offers himself for election.
- (h) To elect as a Director Mr Will Roberts who, having consented, offers himself for election.

As authorised by the Board of Directors



Jim Story
Company Secretary
Australian Wool Innovation Limited
11 October 2013

IMPORTANT NOTES ABOUT VOTING ON DIRECTOR ELECTION:

Depending on whether the Board Size Limit resolution in Item 2 is passed, the number of vacancies to be filled by candidates for election at this AGM will be 3 or 6.

If the Board Size Limit resolution is passed, the number of candidates (8) will exceed the number of Board vacancies available to be filled (3) and shareholders may vote for up to three (3) candidates for this situation. **The Board recommends that shareholders vote in favour of this resolution.**

If the Board Size Limit resolution is not passed, the number of candidates (8) will exceed the number of Board vacancies available to be filled (6) and shareholders may vote for up to six (6) candidates for this situation.

Eligible shareholders may vote “FOR” the appointment of as many candidates as they approve of up to and including the number of vacancies to be filled at the AGM (see Notes above). In accordance with the published Rules and Procedures Governing the Election of Directors, a vote cast for more candidates than the number of vacancies to be filled at the AGM will render your vote invalid. The candidates with the greatest number of votes will be elected until all vacancies are filled. The remaining candidates will be excluded.

Eligible shareholders may also “ABSTAIN” or vote “AGAINST” the appointment of any number of candidates.

A candidate must receive more votes “FOR” their election as a Director than “AGAINST” to be elected.

The Chairman will call for a poll for voting on the Election of Directors resolutions.

There are also implications for how the proxy form must be completed:

On the proxy form, the Election of Directors has been divided into two separate sections. The first of these (Part C: 3 candidate vote) assumes the Board Size Limit resolution is passed and allows you to vote “FOR” for up to 3 candidates only. The second of these (Part D: 6 candidate vote) assumes the Board Size Limit resolution is not passed and you may vote “FOR” for up to 6 candidates.

Eligible shareholders may direct their proxy to “ABSTAIN” or vote “AGAINST” the appointment of any number of candidates.

EXPLANATORY INFORMATION

Item 1 – Consideration of Reports

To receive and discuss the Financial Report of the Company, the Directors' Report and the Auditor's Report, for the financial year ended 30 June 2013.

Item 2 – Board Size Limit Resolution

The Company's Constitution (Rule 13.3(a)) prescribes that the number of Director positions on the Board must be between 5 and 10, as determined by the Board. This Rule, however, is now subject to the operation of ss201N – 201U *Corporations Act 2001* (Cth), introduced in 2011. Where a board determines that the number of directors should be limited to a number which is less than the maximum available under the company's constitution, that board limit must now be approved by shareholders at a general meeting.

The Board proposes to retain the present board limit of 7 Directors, which it currently considers to be an optimal size. The Board has made its determination that the desirable Board size is 7 Directors because this number:

- allows for a diversity of skills and experience;
- limits the administrative cost of the Board. Given the nature of the Company's business, most candidates for election as a Director do not live and work in the same place. Accordingly there is considerable travel and other related costs of supporting each additional Board position, in addition to the remuneration paid to Directors;
- is an odd number, which facilitates obtaining a clear majority on Board decisions; and
- leaves the Board with flexibility to appoint a further Director if it becomes necessary or desirable to obtain the benefit of other skills and experience on the Board before the Director elections at an AGM.

This determination requires shareholder approval at this AGM and if the resolution is passed there will be 3 vacancies to be filled at the AGM. If the resolution is not passed, there will be 6 vacancies to be filled at the AGM i.e. up to the maximum number of directors allowed under the company's Constitution.

The proposed Board Size Limit resolution is an ordinary resolution which means that it can be passed by a majority of votes cast on the resolution.

The Board Size Limit resolution will be decided on a poll.

The Board recommends that shareholders vote in favour of this resolution.

Item 3 – Election of Directors

There are 8 candidates for election as Directors. Nominations and consents by the candidates have been certified by the Company Secretary as satisfying the Company's Constitution and Rules and Procedures for Election of Directors.

All of these candidates have been assessed by the Board Nomination Committee, which has been constituted in accordance with the Statutory Funding Agreement.

The Board wishes to thank the members of the Board Nomination Committee for their care and diligence, and especially the external members of the Committee: Messrs Jock Laurie (past President of the National Farmers' Federation and Committee Chairman), Ian Armstrong (former National Party leader in NSW and Deputy Premier of NSW) and Will Wilson (independent investor relations adviser).

Those AWI shareholders eligible to vote at this AGM will find enclosed with this Notice of Meeting the Report from the Board Nomination Committee which may assist you in considering the candidates.

The conclusion of the Committee is that Meredith Sheil, James Morgan and Will Roberts are the candidates who, if appointed, would result in the board having the most appropriate balance of director competencies. It has recommended those candidates to shareholders on that basis.

Current Director candidates

There are 2 candidates for election in accordance with Rule 13.3(d)(ii)(A) of the Constitution:

- Mr George Falkiner and Dr Meredith Sheil are current Directors and they retire by rotation, are eligible for re-election and offer themselves for re-election.

Board Retirement

Mr Roger Fletcher has given notice of his intention to retire as a director with effect from the end of the 2013 AGM.

The retirements by rotation of Mr Falkiner and Dr Sheil, and the retirement from office of Mr Fletcher fulfill the requirement in Rule 13.3(a) of the Constitution that one-third of the Directors, or if the number of Directors is not a multiple of three, then the number nearest to but not less than one-third, must retire from office.

Candidates each nominated by at least 100 shareholders

Nominations to the office of Director have been received from:

- Paul Cocking
- John Hassell
- Jock MacRae
- James Morgan
- Martin Oppenheimer; and
- Will Roberts.

Biographical details

Short biographical details for each of the candidates follow. The respective biographies and notes were provided by the candidates. Australian Wool Innovation Limited has not sought to verify the accuracy of these statements. The order in which the biographies and notes are presented below follows the order of Item 3 of the Notice of Meeting.

Candidates' Biographies and Notes:

George B S Falkiner B.Comm, Harvard OPM, FAICD

Current AWI Director, Chairman AWI Science & Welfare Committee, member AWI Finance & Audit Committee. Managing Director Haddon Rig P/L. Former Director Sothebys Australia and NSW Ministerial Agricultural Advisory Council. He has thirty years' experience breeding stud and commercial merinos with large-scale irrigated and dry-land cropping.

George is an experienced company director with a strong background in finance, marketing, R&D and project management.

Mr Falkiner's priorities are:

- Further development of marketing campaigns into emerging Asian markets to improve the price of wool, using new media to complement strong programmes in traditional markets.
- Education of the next generation of young professional woolgrowers, utilising social media for marketing and knowledge transfer.
- Practical R&D programmes in delivering technology to drive down costs, control of predators, improving productivity by combining genetic technology and traditional sheep breeding/stockmanship.
- Ensure AWI continues to provide excellent value for shareholders funds with sound corporate governance.
- Improve the advancement of the Australian merino by increasing the co-operation between science and stud breeders to make the best use of advanced breeding tools and traditional techniques and animal husbandry.

As the owner of a respected Merino stud, George feels a keen responsibility to ensure the prosperity of the Australian sheep and wool industry.

Meredith Sheil MBBS FRACP PhD GIACD

Current AWI Director and member of AWI Science & Welfare Committee, Dr Sheil is an experienced woolgrower (15 years commercial woolgrowing experience), with extensive skills and experience in R&D innovation, technology development and commercialisation.

Dr Sheil currently plays an important role on the board to support R&D and provide skills in administration, governance and oversight - advocating a positive strategically targeted approach to tackle the challenges, grab the opportunities and drive prosperity for the wool industry.

- *20-years' experience in medical and veterinary research* - PhD and Clinical lecturer, Sydney University. Honorary Associate, Sydney University Veterinary School.
- *Founding and executive director of a successful private R&D Company* - awarded multiple patents - developed and commercialised an anaesthetic wound spray widely used in the wool industry.
- *Experienced scientific advisor to retail and trade on animal welfare and corporate social responsibility* - assisted to resolve animal welfare conflicts and deliver practical outcomes.
- *Strong background in corporate governance* - Graduate of the Australian Institute of Company Directors, Deputy Mayor, Hunters Hill Council.

Dr Sheil's priorities are to ensure that AWI:

- 1) "Listens" and provides a transparent, inclusive and consultative culture.
- 2) Delivers innovative, productive, fiscally responsible R,D&E programmes targeted to the key needs of woolgrowers.
- 3) Supports and promotes the industry's strong foundations - in breeding, animal and land care, human resources, and wool fibre knowledge.
- 4) Innovates to position the industry for growth and technological advancement - to meet future challenges and to be relevant, competitive, prosperous and attractive to the younger generation.
- 5) Pursues strategic, relevant, vibrant, contemporary marketing programmes to drive demand for Australian wool in targeted high value markets.

Paul Cocking B. App. Sc. (Ag) Dip. Ed.

Paul is Managing Director of Riverina Wool Testers Pty Ltd, Australia's largest fleece testing company and an accredited Member of the International Association of Wool and Textile Laboratories. Paul has had over 25 years' experience in the wool industry as a business manager and commercial wool grower. Paul can relate and understand woolgrowers' needs and challenges moving forward. This will enable him to act as a conjunct to the Board.

Paul is a member of the Australian Institute of Company Directors. He has served on several boards including as a Board Director on the Riverina Regional Development Board an advisory body to the Government on regional development issues.

Paul has wide ranging skills as a managing director, wool grower, board director and a strong technological and scientific background. He has developed wool testing technologies, electronic identification systems, genetic selection indexes and educational workshops.

Paul considers that he is in a unique situation with his excellent understanding of the key stakeholders of the wool industry and his outstanding business, marketing and financial management skills. He also brings with him an outstanding record on assessment of R & D projects and their commercial viability. This will enable him to ensure wool growers' funds are effectively utilised.

John Hassell

John Hassell is a current director of CBH Group, sits on the APVMA advisory board, is an active member of the WA Farmers Federation, and runs a mixed cropping livestock farm, a biodiesel facility and a CRT rural outlet with his wife Michelle.

He has an Agribusiness degree from Muresk, a Diploma of Agronomy, is a Graduate of the Australian Institute of Company Directors and has attended the Mastering the Boardroom course. He is currently undertaking a Doctorate of Business Administration studying the engagement of producers in member owned firms.

As a director his priorities are for:

- Producers to receive a return on their wool levy investment by research into all sections of the supply chain: wool production, wool supply chain efficiency, reduced costs in wool harvesting, better feedback from the mills to the producer, and better rewards for processing characteristics.
- Working with R&D organisations which represent meat to provide better outcomes.
- Fighting vested interests in favour of what is best for producers.
- Targeting marketing at high growth areas such as India and China's growing middle classes.
- Providing good governance of the organisation.

Jock MacRae

Jock MacRae is Managing Director of Eilan Donan Pty Ltd, Elphinstone Victoria, a 130 year family business producing livestock and wool. He has further commercial interests in hospitality and real estate.

Mr MacRae has a 30 year engagement with the wool industry representing growers with:

- Australian Wool Innovation's Industry Consultation Committee 3 years
- AWI delegation communicating production welfare arrangements in Australia to retailers, brands and interested political parties in Europe, UK and North America in 2010
- Member WoolPoll panel 2010
- Ministerial Advisory Committee on OJD in Victoria

He is currently Vice President of the Australian Association of Stud Merino Breeders and has recently advocated strongly for a commonsense and balanced outcome on fly strike prevention, Ovine Johnes Disease and the politically skewed Sheep Standards and Guidelines.

Mr MacRae has extensive experience in Local Government in Victoria serving three times as Mayor during the difficult amalgamation years.

Mr MacRae stands for:

- Sound corporate governance
- Prudent financial management
- Preservation of the rights of Australian woolgrowers
- Leveraging woolgrowers' investments for commercial outcomes
- Strengthening the position of AWI as a globally respected textile services company.

James Morgan

James Morgan is currently Managing Director of the Mutooroo Pastoral Company, which operates an extensive pastoral Merino and Beef Cattle enterprise in the North East region of South Australia. Additionally, operates Outalpa Station with his wife and children, and administrates a large livestock enterprise in the Hunter Valley region of NSW. Mr Morgan has over 30 years of experience in pastoral and high rainfall wool production, and on-shore marketing. Being a committed commercial woolgrower, Mr Morgan has a strong faith in the industry and in wool's natural ability to offer the world's textile and industrial producers a raw material which is both cost effective and eco-friendly.

Mr Morgan's priorities are to:

- Contribute to the stable management of the AWI, through sound financial control and balanced decision making processes.
- Communication - continue and progress the corporate governance, and develop strong relationships between the AWI and shareholders.
- Enhance R & D to expand objective measurement systems and tools that assist wool growers in production and quality control.
- Maintain and improve a strong focus on vermin and disease control across all wool growing states.
- Strive to protect the wool industry from outside organisations that create unreasonable and unsustainable work situations for livestock producers.

Martin Oppenheimer

Martin Oppenheimer (53) trained at the University of New England, Melbourne College of Textiles & TAFE. Martin is a 5th generation woolgrower, sheep breeder, lamb & beef producer with 33 years' experience managing a productive farming business at Walcha NSW. Martin is an early adopter of new concepts and technology & is a keen research collaborator and extension specialist.

Martin is a strong supporter of national genetic improvement programs, including ASBV's and Genomic selection tools. He has a strong background in growing wool, breeding sheep, environmental stewardship, wool processing, marketing, research and extension.

Martin is currently Chairman of the Wool Carbon Alliance, an advisory committee to the AWI board, Manager/Partner of Petali Poll Merinos & White Suffolks at Walcha NSW, Director of Petali Holdings Pty Ltd & Director of the Australian Wool Growers Association.

Martin Oppenheimer's vision for AWI is that:

- Levy funds should provide the best tools for woolgrowers to improve productivity & profitability.
- Programs such as 'Bred Well Fed Well' should be supported.
- Programs such as the 'Genomics Information Nucleus Flock' should be supported.
- Australian wool should be promoted for its benefits to human health, welfare and the environment.

Will Roberts

Will Roberts is the principal of "Victoria Downs", a sheep and cattle business and Merino stud in Queensland.

Sheep and wool have been the focal point of his career since returning to run the family business from "Uardry" in 1981. He is known for his industry advocacy, his leadership in protecting sheep flocks from wild dogs and his significant conservation outcomes.

As President of Queensland Merino Stud Sheepbreeders' Association and President of the Australian Association of Stud Merino Breeders, Will championed the views of his constituents and ensured their messages were heard and understood.

As Chairman of WoolPoll in 2009 and 2012, he successfully oversaw significant debate regarding the future of Australian Wool Innovation (AWI) and has a thorough knowledge of how the organisation works to improve the profitability of woolgrowing.

In more recent times, Will has represented Australian woolgrowers at AWI Retail Communications Forums held in the USA, Europe and UK. His presentation on the way woolgrowers look after their land and animals resulted in him being selected and funded by the European Union (Brussels) to speak at the International Wool Textile Organisation conference in Italy 2012.

Will Roberts' main priorities for AWI are:

- Maintain and improve predation control
- Environmental and Animal Welfare stewardship.

VOTING

Individual shareholders may vote in person or by proxy or duly appointed attorney. A corporate shareholder may vote by proxy or through a body corporate representative or duly appointed attorney.

For the purposes of the meeting, shares in the Company are deemed to be held by those shareholders who held shares at 5pm Australian Eastern Daylight Saving Standard Time on Friday 11 October 2013 as recorded in the Company's share register.

PROXIES

Please note that:

- (a) A shareholder of the Company entitled to attend and vote at the AGM has the right to appoint a proxy
- (b) A proxy need not be a shareholder of the Company; and
- (c) A shareholder who is entitled to cast 2 or more votes may appoint 2 proxies and may specify the proportion of number of votes each proxy is to exercise.

If a shareholder appoints 2 proxies and the appointment does not specify the proportion or number of the shareholder's votes, each proxy may exercise half of the votes.

A proxy form accompanies this Notice of AGM. For the appointment of a proxy to be effective for the AGM, the following documents must be received by Link Market Services Limited at least 48 hours before the meeting (ie no later than 10am Australian Eastern Daylight Saving Time on Wednesday 20 November 2013):

- (i) The proxy form properly completed and signed; and
- (ii) If the proxy form is signed by the appointer's attorney, the authority under which the proxy form was signed or a certified copy of the authority.

Documents may be sent to Link Market Services by post (using the reply-paid envelope enclosed), fax to (02) 9287 0309 or by delivery to its offices at Level 12, 680 George Street, Sydney, New South Wales 2000.

Shareholders may alternatively submit their proxy instructions electronically via the Share Registry website (www.linkmarketservices.com.au) in accordance with the instructions given there (you will be taken to have signed your proxy form if you lodge it in accordance with the instructions given on the website) by 10am on Wednesday 20 November 2013, Australian Eastern Daylight Saving Time.

VOTING ON BEHALF OF A COMPANY

A shareholder that is a corporation intending to attend and vote at the meeting by a corporate representative and not by way of proxy must lodge the properly executed authority from the company in favour of the person attending with the Company's Share Registry, Link Market Services Limited, by 10am Wednesday 20th November 2013, Australian Eastern Daylight Saving Time.

POWERS OF ATTORNEY

See Rule 12.6 of the Constitution which permits shareholders to appoint an attorney to act for them at all or specified meetings. Before the attorney may act under it, the power of attorney or proof of the power of attorney to the satisfaction of the Board must be received together, in each case, with evidence of the proper execution of the power of attorney as required by the Board at least 48 hours before the meeting at which the attorney is to act on behalf of the shareholder.

ENQUIRIES

Enquiries should be directed to the Company's Share Registry, Link Market Services Limited on 1800 113 373.

AUSTRALIAN WOOL INNOVATION LIMITED

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Share Registry

Link Market Services Limited

1800 113 373 (free call within Australia)