



BOARD NOMINATION COMMITTEE REPORT TO SHAREHOLDERS

This report is issued to all shareholders of Australian Wool Innovation Limited (AWI) eligible to vote on the election of Directors to be held at the AWI Annual General Meeting 2013.

BACKGROUND

Under the terms of the Statutory Funding Agreement 2010-2013 (SFA) between AWI and the Commonwealth of Australia, AWI established the Board Nomination Committee (Committee) in 2011. It is required to convene in each director election year.

The members of the Committee for 2013 are:

- Mr Jock Laurie (former President of the National Farmers' Federation), Committee Chairman
- Mr Ian Armstrong (former Deputy Premier of NSW & former leader National Party in NSW)
- Mr William Wilson (Independent investor relations adviser)
- Mr Wal Merriman (AWI Chairman)
- Mr Roger Fletcher (AWI Deputy Chairman)

SKILLS

The Committee has reviewed the CVs provided by each nominated candidate and the skills which each candidate, in the assessment of the Committee, is capable of contributing to the AWI Board.

The Committee has had an interview with each candidate and sought to identify necessary and desirable director competencies having regard to the skills and experience of the current Directors of the Company who are not standing for re-election ('Continuing Directors'), the nature of the business and affairs of the Company, the strategic plan of the Company, and the following skills:

1. Corporate governance;
2. Wool growing;
3. Wool processing;
4. Product promotion and retail marketing;
5. Domestic and international market development and international trade;
6. R&D, technology, technology transfer, commercialisation and adoption of R&D and innovation;
7. Conservation and management of natural resources;
8. Administration of research and development; and
9. Finance and business management.

It is noted that the candidates have each provided a profile for themselves in the Notice of Annual General Meeting 2013, which includes details of their qualifications and experience.

COMMITTEE ASSESSMENT

The Committee considers that the candidates for election in 2013 are collectively of a high standard, and that each of them could make a contribution to the skills of the board in one or more areas.

The Committee believes 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. They are recommended to shareholders on that basis.

A handwritten signature in black ink, appearing to be 'A. L.', written in a cursive style.

Mr Jock Laurie, Committee Chairman

11 October 2013