



AUSTRALIAN WOOL INNOVATION LIMITED

ABN 12 095 165 558

NOTICE OF ANNUAL GENERAL MEETING

ANNUAL GENERAL MEETING 2017

Friday 17 November 2017

10.00am Australian Eastern Daylight Saving Time

Swissotel
Blaxland Room
68 Market 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

AUSTRALIAN WOOL INNOVATION LIMITED

Registered office

Level 6
68 Harrington Street
Sydney NSW 2000

Postal address

GPO Box 4177
Sydney NSW 2001

Tel +61 2 8295 3100 Fax +61 2 8295 4100
Website: www.wool.com
Email: info@wool.com
Helpline: 1800 070 099 (free call within Australia)

Share Registry

Link Market Services Limited
1800 113 373 (free call within Australia)

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 17 November 2017 at:

Swissotel
Blaxland Room
68 Market Street, Sydney
New South Wales

The AGM is an opportunity for you to hear an update on the Company's activities during the 2016/2017 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 2017/18 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 2017;
- vote on shareholder resolutions including the size of the Board; the election of Directors; and a change of auditor.

The candidates for election are set out in this Notice of Meeting. Current Directors Paul Cocking, Colette Garnsey and James Morgan will stand for re-election. In addition, two external candidates, Don Macdonald and William Wilson, have been nominated for election to the Board. 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. We are providing to shareholders a copy of the Board Nomination Committee Report which indicates that Colette Garnsey, James Morgan and William Wilson are the candidates who, if appointed, would in the Committee's view result in the Board having the best balance of Director competencies.

There is again a resolution in relation to the size of the Board. The number recommended by the Board is 7 Directors and this requires shareholder approval. This arises from legislation which requires shareholder approval where a Board proposes a limit on the number of Directors which is smaller than the maximum number allowed by the company's constitution. The Explanatory Information included with the Notice of Meeting gives a full

outline on this point. There may be as few as 3 or as many as 5 Directors appointed at this AGM, depending on whether the Board Size Limit resolution proposed in item 2 of the Notice of Meeting is passed. The Board recommends that this resolution is passed by shareholders.

If you intend to direct your proxy, you will need to complete both Part C (3 candidate vote) and Part D (5 candidate vote) of the proxy form under item 3 Election of Directors to ensure that your proxy will be properly directed irrespective of the outcome of the Board Size Limit 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 Merriman', with a stylized 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 Swissotel, Blaxland Room, 68 Market Street, Sydney, New South Wales on Friday 17 November 2017, commencing at 10.00am Australian Eastern Daylight Saving Time.

AGENDA

Please read the Explanatory Information, which forms part of this Notice of Meeting and 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 2017.

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 this resolution be passed by shareholders.

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 Paul Cocking 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 Ms Colette Garnsey who retires as a Director in accordance with Rule 13.3(a) of the Constitution and, having consented, offers herself for re-election.

(c) To re-elect as a Director Mr James Morgan 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.

Candidates each nominated by at least 100 shareholders

(d) To elect as a Director Mr Don Macdonald who, having consented, offers himself for election.

(e) To elect as a Director Mr William Wilson who, having consented, offers himself for election.

Information about the Directors seeking re-election and election under Item 3 appears in the Explanatory Information.

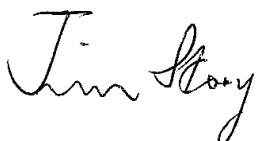
4. Appointment of Auditor

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

“That, for the purposes of section 327B(1)(b) of the Corporations Act 2001, H B Mann Judd be appointed as Auditor of the Company. “

The Board recommends that this resolution be passed by shareholders.

As authorised by the Board of Directors



Jim Story
Company Secretary
Australian Wool Innovation Limited
6 October 2017

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 5.

If the Board Size Limit resolution is passed, the number of candidates (5) will exceed the number of Board vacancies available to be filled (3) and shareholders may vote for up to three (3) candidates.

If the Board Size Limit resolution is not passed, shareholders may vote for up to five (5) candidates.

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 meeting (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 3 candidates only. The second of these (Part D: 5 candidate vote) assumes the Board Size Limit resolution is not passed and you may vote “FOR” for up to 5 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 2017.

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). Where a Board determines that the number of Directors should be less than the maximum available under the company's constitution, that determination must now be approved by shareholders at the next AGM.

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. There is considerable travel and other related costs of supporting each additional Board position, in addition to the remuneration paid to Directors; and
- is an odd number, which facilitates obtaining a clear majority on Board decisions.

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 5 vacancies to be filled at the AGM.

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 this resolution be passed by shareholders.

ITEM 3 – ELECTION OF DIRECTORS

There are 5 candidates for election as Directors. Current Directors Paul Cocking, Colette Garnsey and James Morgan will stand for re-election. In addition, two external candidates, Don Macdonald and William Wilson, have been nominated for election to the Board. 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 Company's Board Nomination Committee, which has been constituted in accordance with the Statutory Funding Agreement. 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 the candidates.

The Board Nomination Committee considered the Company's director appointment criteria and assessed the skills, experience and diversity of the existing and proposed directors. The Committee's Report concludes that Colette Garnsey, James Morgan and William Wilson are the candidates who, if appointed, would in the Committee's view result in the Board having the best balance of Director competencies.

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: Brian van Rooyen (a former Director of AWI and Committee Chairman), Rob Ashby (past President of the World Federation of Merino Breeders) and The Hon. Katrina Hodgkinson (MLA NSW 1999 - 2017; former Primary Industries minister).

Current Director candidates

There are 3 candidates for election in accordance with Rule 13.3(d)(ii)(A) of the Constitution:

- Paul Cocking, Colette Garnsey and James Morgan, who are current Directors and each retire by rotation, are eligible for re-election and offer themselves for re-election.

The retirements by rotation of Mr Cocking, Ms Garnsey and Mr Morgan 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

Completed nominations to the office of Director have been received from:

- Don Macdonald, and
- William Wilson.

Biographical details

Short biographical details for each of the candidates follow. The respective biographies and notes were provided by the candidates and have not been independently verified by AWI. 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

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

AWI Director since 2013. Member of Science & Welfare Committee; member of Remuneration & Appointments Committee.

Paul is a fierce advocate for the wool industry and supports all woolgrowers fine, medium and strong. A Director who has never forgotten AWI is owned by woolgrowers and the board is appointed to represent them.

Paul has over 25 years of experience in the wool industry. Previously, developed, owned and operated Riverina Wool Testers and Fabstock, an animal nutrition business. He also manages his own commercial wool growing properties in southern NSW. He has a Bachelor of Applied Science, has previous board experience and is a current member of the Australian Institute of Company Directors.

Mr Cocking's priorities are:

- Strong corporate governance with a focus on accountability and transparency. The board must be accountable to all woolgrowers and they need to have confidence that we will act in the best interests of the industry.
- Renewed focus on Research and Development, especially that which can be delivered to the farm gate. Current programs MLP & LTEM will continue to have my ongoing support. MLP data needs to be made available for both phenotypic and genotypic evaluation.
- A profitable and sustainable wool industry delivering wool growers value for money, with clear qualitative monitoring and evaluation. Evaluation of programs needs to be in terms that can be easily understood and scrutinised.
- Woolgrower representation with enhanced communication, consultation and collaboration.
- Marketing is an important part of our overall strategy and should always have the end goal of increasing the greasy wool price and have measurement criteria built in whenever possible. International Woolmark Prize is a current standout program.

Mr Cocking is a strong supporter of Research and Development and believes in its ongoing importance to the long term prosperity of the wool industry.

Colette Garnsey

AWI Director since 2011. Chair of Remuneration and Appointments Committee.

Colette Garnsey has a 39-year career in retail, manufacturing, distribution and wholesale. She has served as a director and advisory board member for both NFP enterprises and government boards.

Colette until recently was Executive Director at Premier Retail for five years, and prior to that was Group General Manager of the Pacific Brands. She was formerly in senior management at David Jones Limited for over 20 years, most recently holding the position of Group General Manager. Colette has also had five years' manufacturing, wholesale & distribution experience and spent three years in consultancy across design, retail and manufacturing for various companies within the Textile, Clothing and Retail industries.

Colette served as a board member of the L'Oréal Melbourne Fashion Festival for 6 years, as a Committee member of the TCF Innovation Council for 3 years, and as a judge of the Veuve Clicquot Business Woman of the Year. She has played a key role in the establishment and growth of the Australian fashion industry and many Australian designers. She has served both on the advisory board of Australian Fashion Week and the Melbourne Fashion Festival.

Additionally, Colette has used her unique consumer insights to advise CSIRO, the Federal Innovation Council and the business advisory boards of Federal Trade and Investment Ministers Robb and Ciobo.

Colette is one of the country's most respected retailers with an extensive knowledge of product, marketing and consumer insights. Colette has and will use her knowledge in retail and marketing as well as her manufacturing and wholesale background to work with the wool industry in keeping it refreshed, consumer relevant and marketed.

Colette is now a non-executive director serving on the boards of public companies and continues her role as advisor to Federal Minister for Trade and Investment.

James Morgan

AWI Director since 2013. Chair of Science & Welfare Committee; member of Finance & Audit Committee.

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.
- Ensure woolgrowers' rights are protected to farm as they feel fit and protect their animals against fly-strike using the means and methods of their choice, for their conditions.

Don Macdonald

Don Macdonald has been involved in the wool industry all his working life. Since 1988 he has operated a successful wool brokerage business based in Dubbo. He has extensive knowledge and experience in all aspects of domestic wool harvesting and marketing. His work has been instrumental in the repositioning of wool logistics to regional centres in NSW over the last twenty years. Prior to his career in brokering, he worked as wool classer and shearer.

Mr Macdonald has sound business skills and has developed long standing and enduring relationships within the woolgrower sector and the exporting and early stage processing sectors, both domestically and internationally.

Mr Macdonald currently runs a pastoral and grazing enterprise in the western division of NSW at Brewarrina and Tilpa and in the central west of NSW, where he lives at Molong.

He has been involved in a number of wool industry organisations including -

- AWEX Broker Director
- Chairman Inland Woolbrokers Association
- Regular IWTO Conference Delegate
- Broker Member to Industry Service Advisory Committee (ISAC)
- Member NSW Farmers Wool Committee

Don has been and is one of the “true believers” in the wool industry and is excited at what the future holds. He believes the industry is poised for a long sustainable period of prosperity and AWI is key to guiding and assisting growers through a generational transition.

Don believes the era of technological and scientific enhancements for the industry must be promoted through the company as a new wave of young wool growers take the reins.

Don's experience - with a broad range of grower expectations combined with his post farm connections place him well to achieve good outcomes for AWI grower shareholders.

Will Wilson

Will Wilson has over 30 years' experience in the financial services sector and is currently providing investor relations services to small capitalised companies.

Will has a Bachelor of Economics degree from La Trobe University and is a member of the Australian Institute of Company Directors.

Will has worked with AWI in different capacities since 2011. He has acted as an independent member of Australian Wool Innovation's (AWI) Board Nomination Committee on 3 occasions in 2011, 2013 & 2015. Over the past 3 years Will has been directly involved with a large number of Australian woolgrowers through his involvement with the Wool Selling System Review and the Wool Exchange Portal project.

Will served on the board of the Sydney Futures Exchange (founded in 1961 as The Sydney Greasy Wool Futures Exchange), between 1997 through to 2006 was deputy chairman and a member of the HR and audit committees. Whilst he was a director, the exchange transitioned from open outcry trading to electronic trading.

He was a general manager of the Australian Stock Exchange with responsibilities for developing new products and building and managing a diverse range of client relationships.

Will has also held positions with the US investment bank, Merrill Lynch and the ANZ Banking Group in Melbourne, Sydney and London.

Will's priorities are to:

- Continue to consult with Australian woolgrowers to ensure their collective concerns are always brought to the AWI board.
- Work with woolgrowers to identify opportunities for reducing costs and improving productivity both on-farm and throughout the wool selling process.
- Identify and drive ongoing efficiencies for growers through the effective utilisation of new related technologies.
- Continue the focus on improving corporate governance procedures to ensure AWI is a leader in sector best practice.
- Ensure our international customers' signals regarding animal welfare are heard by the company and that the real challenges faced by woolgrowers in this area are adequately communicated back to them.

ITEM 4 – APPOINTMENT OF AUDITOR

In accordance with section 327B(1)(b) of the Corporations Act, the Company now seeks shareholder approval to appoint H B Mann Judd Assurance (NSW) Pty Ltd as the Auditor of the Company.

In 2017, AWI conducted a tender for the provision of audit services to AWI and the group. It is usual practice for tenders of significant services to be undertaken periodically. On this occasion, H B Mann Judd Assurance (NSW) Pty Ltd has emerged as the preferred tenderer to provide audit services to AWI and the group.

The Board wishes to acknowledge the services provided by PwC (the Company's current auditor) over many years, and thank them for their efforts and services.

In accordance with s.328B of the Corporations Act 2001, it is necessary for a member of the Company to nominate H B Mann Judd Assurance (NSW) Pty Ltd for appointment as Auditor, and for a copy of that nomination to be sent to H B Mann Judd, PwC, and to each person entitled to receive notice of general meetings of the Company not less than 7 days before the meeting. A copy of this nomination is attached.

PwC has sought the consent of ASIC to resign as Auditor of the Company under s.329(5) of the Corporations Act, effective upon the appointment of a new Auditor. The Company expects that ASIC will give its consent prior to the Annual General Meeting.

The Directors recommend that shareholders vote in favour of the appointment of H B Mann Judd Assurance (NSW) Pty Ltd as the new auditor of the Company.

6 October 2017

Mr Jim Story
Company Secretary
Australian Wool Innovation Ltd
Level 6, 68 Harrington Street
The Rocks NSW 2000

Dear Sir,

Notice pursuant to Section 328B of the Corporation Act 2001 (Cth)

Pursuant to section 328B of the Corporations Act 2001 (Cth), I Wal Merriman, being a shareholder of Australian Wool Innovation Limited, hereby nominate HLB Mann Judd Assurance (NSW) Pty Ltd for appointment as auditor of Australian Wool Innovation Limited at the Annual General Meeting to be held on 17th November 2017, or at any adjournment of the meeting.

Yours sincerely,

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

Wal Merriman

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 5.00pm Australian Eastern Standard Time on Friday 13 October 2017 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 15 November 2017):

- (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 15 November 2017, 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 15 November 2017, Australian Eastern Daylight Saving Time.

POWERS OF ATTORNEY

Rule 12.6 of the Constitution 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.