

Australian Wool Innovation Limited

ABN 12 095 165 558

Notice of Annual General Meeting

AWI Annual General Meeting 2006

2.00pm Tuesday 14 November 2006

Armidale Ex-Services Memorial Club
Dumaresq Street
Armidale
New South Wales

Shareholders are encouraged to attend an 'Innovation in Action' forum,
commencing at 8.30am

For more information about the forum visit www.wool.com.au
or call 1800 070 099

Letter from the Chairman

Dear Shareholder

I am pleased to provide you with this notice and strongly encourage you to attend the Annual General Meeting (AGM) at 2.00pm 14 November at Armidale, New South Wales.

The AGM is an opportunity for you to vote for Directors of the company, to learn the result of WoolPoll 2006 and to hear an update on all AWI activities, including the current situation regarding the integration with Australian Wool Services (AWS).

Immediately before the AGM, starting at 8.30am, there will be an AWI forum and innovation showcase, to enable woolgrowers to get a hands-on look at the latest developments in on-farm research as well as our new range of innovative Australian Merino apparel. The forum will also give you an insight into how your levy is being invested in product marketing to build demand for Australian Merino wool.

In the past year our on-farm research has been focussed on increasing productivity, enhancing natural resources, reducing costs and dealing with threats to production such as shearer shortages and animal welfare extremists.

In the textiles area our core business is to take our innovations to our global business partners, who will in turn take Australian Merino wool to their customers. In the last 18 months, AWI has accelerated this demand building activity by establishing over 50 direct business relationships with companies in key markets. We provide technology, ideas and marketing support work to these companies, who in turn sell new garment innovations to the consumer.

In the recent independent review of AWI's performance from 2003-06, ACIL Tasman found that our R&D programs had delivered improvements with a value of more than \$400 million. In addition, current programs were estimated to be capable of realising at least \$200 million benefit over the next 2-3 years. Over the next three years I am sure we can do better than this.

On behalf of the AWI Board of Directors, earlier this year I signed a Memorandum of Understanding to integrate with AWS. The aim is to bring the research and marketing of Australian wool under the control of one Board and management team. As you may be aware, the AWS UK Pension Fund has provided some difficulty in the integration of the two companies, but we have a team of people committed to overcoming this problem.

WoolPoll 2006 is the opportunity for all woolgrowers to have their say on the level of investment for research, development and product marketing for the Australian wool industry for the next 3 years. The results will be announced at the AGM.

AWI is the company that invests your levies to build demand and improve productivity. I encourage you to attend the AGM to see how your levy is being invested and have your say on the future direction of the company.

Yours sincerely



Ian McLachlan AO
Chairman

Notice of Annual General Meeting

Notice is given that the Annual General Meeting of the Company is to be held at the Armidale Ex-Services Memorial Club, Dumaresq Street, Armidale, New South Wales on Tuesday 14 November 2006, commencing at 2.00pm Australian Eastern Standard Time.

Annual General Meeting Agenda

Ordinary business to be transacted

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 2006.

2. Election and re-election of Directors

- (a) To elect as a Director Mr Charles (Chick) Olsson, who has been nominated in accordance with Rule 13.3(d) of the Company's Constitution and, having consented, offers himself for election.
- (b) To re-elect as a Director Mr Brian van Rooyen, who retires as a Director in accordance with Rule 13.3(a) of the Company's Constitution and, being eligible, offers himself for re-election.
- (c) To re-elect as a Director Dr Chris Abell, who retires as a Director in accordance with Rule 13.3(a) of the Company's Constitution and, being eligible, offers himself for re-election.
- (d) To re-elect as a Director Mr Walter Merriman, who retires as a Director in accordance with Rule 13.3(a) of the Company's Constitution and, being eligible, offers himself for re-election.
- (e) To elect as a Director Mr John Carstairs, who has been nominated in accordance with Rule 13.3(d) of the Company's Constitution and, having consented, offers himself for election.

Note – Item 2

The order in which the candidates appear in this notice of meeting has been independently determined by Link Market Services Limited by means of a random number generation tool.

Although five candidates are standing for election to the office of director, a maximum of three candidates may be elected in accordance with the Company's constitution. As the number of candidates exceeds the number of positions available this item cannot be decided on a show of hands. Accordingly, pursuant to AWI's Rules the Chairman of the meeting will call a poll (secret ballot) in relation to this item at the meeting.

Each shareholder may vote in favour of the appointment of as many candidates as they approve of up to and including the number of vacancies. You may only vote for a maximum of three candidates. Voting for more than three candidates will render your entire vote invalid.

Proxies

Please note that:

- (a) a shareholder of the Company entitled to attend and vote at the Annual General Meeting 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 two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is to exercise.

If a shareholder appoints two 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 Form of Proxy accompanies this Notice of Annual General Meeting. For the appointment of a proxy to be effective for a meeting, the following documents must be received by Link Market Services Limited, by post (using the reply-paid envelope enclosed) or fax to (02) 9287 0309 or by delivery to its offices at Level 12, 680 George Street, Sydney, New South Wales 2000, by 2.00pm Australian Eastern Standard Time on Sunday 12 November 2006:

- (i) the Appointment of Proxy form properly completed and signed; and
- (ii) if the Appointment of 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.

Shareholders may alternatively submit their proxy instructions electronically via the Share Registry Service at www.linkmarketservices.com.au. Once on the website, shareholders should click on 'Proxy Voting' from the left hand menu bar and then choose 'Australian Wool Innovation' from the 'Company Name' drop down list.

Enquiries should be directed to Link Market Services on 1800 113 373.

Les Targ and

Chris Chapman

Company Secretaries

Dated 9 October 2006

As authorised by the Board of Directors

Explanatory Notes

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 2006.

Item 2 – Election and re-election of Directors

In accordance with the Constitution (Rule 13.3(a)) three Directors, **Mr Brian van Rooyen**, **Dr Chris Abell** and **Mr Walter Merriman** will retire. Each of the directors has satisfied the requirements to be eligible for, and is seeking re-election.

Nominations to the office of Director have been received from **Mr Charles (Chick) Olsson** and **Mr John Carstairs**. These nominations have been certified by the Company Secretaries as satisfying the AWI Constitution and "Rules and Procedures governing the election of Directors" ("the Rules"). The Board has resolved that these nominations and their consents have been made in compliance with the AWI Constitution and the Rules.

Short biographical details for each of the candidates follows. The respective biographies and notes were provided by the candidates; Australian Wool Innovation Limited has not sought to verify the accuracy of these statements.

Candidates' biographies and notes

Mr Charles (Chick) Olsson BEc, Acc

Rebuilding Confidence

We must begin to seriously market and promote Merino wool. We must tell our story to the world and it must happen now!

If elected to the AWI board, I propose investment in the following areas, aimed at increasing Merino wool price and volume.

1. Lift the profile of Merino wool in fashion, retail and consumer markets;
2. Protect Australian Merino wool quality, from farm gate to retail, by utilising WOOLMARK'S expertise and services;
3. Co-Invest in dedicated partner programs with top textile and clothing manufacturers, aimed at increasing Merino wool volume usage around the world;
4. Maintain essential Research & Development in areas of national interest that provide a whole industry benefit. Eg. Flystrike solutions, wool harvesting technologies and on-farm OH&S issues.

Although qualified in Economics and Accounting, my 20 years experience in sales and marketing lead me to believe that Merino wool has a real and significant role to play in lucrative natural fibre markets. Modern day consumers simply need to be informed and motivated to support our magnificent fibre.

We must begin to listen and work closely with all our customers. Mills, processors, fashion houses and retailers must be partnered to develop new markets, or recapture old markets.

I believe that Merino wool has a strong future based on AWI becoming totally focused on marketing and sales initiatives for our wonderful fibre.

More information
www.olsson4awi.com
0403 045 664

Mr Brian van Rooyen

I am currently Chairman of Visionglow Global Ltd and Australian Country Spinners Pty Ltd. I am a Director of the Australian Wool Testing Authority Ltd, New Zealand Wool Testing Authority Ltd, and Power Farming New Zealand Ltd. I am a former Director of Norwellan Textiles Ltd, Woolstock Australia Ltd and Bruck Textiles Pty Ltd. I am a past President of the Australian Wool Processors Council and a past member of the CSIRO Textiles, Clothing and Footwear Sector Advisory Committee. I have an extensive knowledge of the textile industry with experience in manufacturing and/or sales in South Africa, Australia, China, Japan, Korea, Canada, United Kingdom, European Union and the United States.

I'm a current member of the Australian Institute of Company Directors. I am the Deputy Chairman of AWI, the AWI Finance & Audit Committee Chairman, the AWI Remuneration & Appointments Committee Chairman, an AWI Integration Committee member, and the AWI China Free Trade Committee Chairman.

I am a strong supporter of marketing Australian wool for its benefits over other wools, and also strongly support the AWI thrust towards increased product development and marketing.

Dr Chris Abell Dipl Mech Eng, BE (Hons), PhD

I am a committed woolgrower in the agricultural and pastoral areas of South Australia. I am currently a non-executive Director of SaabSystems Pty Ltd and Pacific Marine Batteries Pty Ltd. I am a former Director of Vision Systems Ltd (1986-2001), former Chairman of LADS Corporation Ltd and a former Director of WoolStock Australia Ltd.

I am a current member of the SA Farmers Federation, the West Darling Pastoralists Association and The Foundation for Rabbit-Free Australia.

I have extensive experience in the successful commercial completion of R & D programs on a local and international basis.

I am a strong supporter of AWI investing in both creating increased demand for Australian Merino through innovation and marketing and continuing to work for improvements in on-farm productivity through the Wool Production R & D program. I believe that it is most important to ensure that the R & D and marketing investments made by AWI on behalf of Australian Woolgrowers are measured in terms of both realistic benefit and total cost.

Mr Walter Merriman

I am Managing Director of the Merryville Stud and I oversee extensive commercial pastoral interests giving me broad farming and grazing experience. I have served on several industry boards, including National Woolgrower Forum, Major NSW and Australian Stud Merino Breeders associations.

Two years ago I was elected to the Board on a commitment to new product and marketing. While the company has moved tentatively in that direction, I believe more has to be done to promote the Australian wool clip in all sections of the industry.

Mr John Carstairs FAICD, JP

My credentials will allow me to make a strong and positive contribution to the Australian wool industry as a director of AWI. I am a passionate wool grower (with about 9,000 merino sheep) and exporter of raw greasy wool to India and Eastern Europe, a Fellow of Australian Institute of Company Directors, Justice of Peace and I was awarded the Centenary Medal for my contribution to Agriculture and the Local Community.

Having also held numerous directorships of companies, including Co-operative Bulk Handling Ltd and Council of Grain Growers Organisations (COGGO) Ltd – both significant grower owned businesses – I have extensive experience in dealing with large and complex matters involving operating and capital expenditure budgets, audit and risk, executive selection as well as developing ethical standards and accountability for directors.

In addition to having a “can do” approach to business, I have a wealth of Board experience in the important area of market development. I am also committed to ensuring output from R&D programs is delivered in a way that maximises take-up by growers and others throughout the value chain.

LM Targ and CM Chapman
Company Secretaries

Dated 9 October 2006

Australian Wool Innovation Limited

ABN 12 095 165 558

Registered office:

Level 5
16–20 Barrack St
Sydney NSW 2000

Postal address:

GPO Box 4177
Sydney NSW 2001

Tel +61 2 9299 5155

Fax +61 2 9299 9880

Website www.wool.com.au

Email info@woolinnovation.com.au

Helpline 1800 070 099

(free call within Australia)

Share registry:

Link Market Services Limited

1800 113 373

(free call within Australia)