



AUSTRALIAN WOOL INNOVATION LIMITED
ABN 12 095 165 558

NOTICE OF ANNUAL GENERAL MEETING

ANNUAL GENERAL MEETING 2011

Friday 18 November 2011
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 18 November 2011 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 2010/2011 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 2011/12 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 and Explanatory Information, 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 2011;
- vote on the size of the Board;
- vote on the election of Directors; and
- vote on a proposed change to the Constitution of the Company.

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.

You will see that the enclosed proxy form has a slightly different format from the usual. This is a result of new 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. As a result, 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 no matter what 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



Walter B Merriman
Chairman

NOTICE OF ANNUAL GENERAL MEETING

Notice is given that the Annual General Meeting (AGM) of the Company is to be held at The Grace Hotel, Wilarra-Marra Room, 77 York Street, Sydney, New South Wales on Friday 18 November 2011, 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 2011.

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.

3. Election of Directors

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

Candidates nominated by the Board

(a) To elect as a Director Ms Colette Garnsey who, having consented, offers herself 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 Constitution and, having consented, offers himself for re-election.

(c) To re-elect as a Director Mr David Webster 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 Robert McBride who, having consented, offers himself for election.

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

IMPORTANT NOTE 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 nominated 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). If the Board Size Limit resolution is not passed, there will be more vacancies than 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. 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 as many candidates as you would like.

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

4. Amendment of Constitution

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

That the Constitution of the Company be amended as follows:

Replace Part 13.3(d)(iv) with the following:

“the nomination and consent are received by the Company not less than 60 days nor more than 78 days before the meeting.”

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 2011.

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 July 2011.

The Board proposes a board limit of 7 Directors, which it currently considers to be an optimal size, although the Board reserves the right to appoint additional Directors up to the maximum prescribed by Rule 13.3(d). If the Board does appoint a Director before the next AGM, the shareholders will have the opportunity to confirm the appointment by resolution at the next AGM.

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 in Sydney where the Company's Head Office is located and the majority of Board business is undertaken. 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, the effect of ss201N-201U of the *Corporations Act 2001* is that there will be more vacancies than the number of candidates for election at this meeting.

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 Chairman will call for a poll for voting on the Board Size Limit resolution.

The Board recommends that this resolution be passed by shareholders.

Item 3 – Election of Directors

There are 5 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 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 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 (President of the National Farmers' Federation and Committee Chairman), Colin Bell (Executive Chairman of Bell Financial Group Limited) and William Wilson (General Manager Sales & Marketing, Australian Securities Exchange).

Board nominated candidates

The Board has nominated 3 candidates for election in accordance with Rule 13.3(d)(ii)(A) of the Constitution:

- Mr Brian van Rooyen and Mr David Webster are current Directors and they retire by rotation, are eligible for re-election and offer themselves for re-election; and
- Ms Colette Garnsey. Ms Garnsey has extensive background in retail and marketing, skills and experience which the Board has identified as a desirable addition to the Board.

The Board commends these candidates to the shareholders.

Candidates each nominated by at least 100 shareholders

Nominations to the office of Director have been received from Mr Robert McBride and Mr Alix Turner.

Chairman's intentions for voting undirected proxies

In the interests of transparency and to provide eligible voting shareholders with all the information they may require to make an informed decision, the Chairman announces that it is his intention to vote undirected proxies in the following manner:

“FOR” the election of Ms Colette Garnsey and Messrs Brian van Rooyen and David Webster.

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 the Item 3 of the Notice of Meeting.

Candidates Biographies and Notes

Ms Colette Garnsey

Colette Garnsey is Group General Manager of the Pacific Brands Underwear Group. Colette is a board member of the L'Oréal Melbourne Fashion Festival (since 2006), a Committee member of the TCF Innovation Council (since 2010) and a judge of the Veuve Clicquot Business Woman of the Year. Colette has had over 30 years' experience in retail and was formerly in senior management at David Jones Limited for over 20 years most recently holding the position of Group General Manager. David Jones is a publicly listed department store group with a turnover of \$2billion and 37 stores located across all states of Australia.

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 in addition to spending three years as an Advisory Board member of the CSIRO TCF&L Sector Advisory committee.

Colette is one of the country's most respected retailers with an extensive knowledge of product, marketing and consumer insights.

Colette 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.

Mr Brian van Rooyen

Mr van Rooyen is currently the Chairman of Australian Country Spinners Pty Ltd, and a Director of Australian Wool Innovation Limited, Power Farming New Zealand Ltd and Cologix Inc (USA).

He has had a 40 year career in the Textile industry, with significant wool processing experience from spinning through to weaving and knitting with product sales to retailers in North America, Europe, Africa and Asia. He is an experienced company Director, with a strong background in finance, marketing and sales of consumer goods, general management and corporate governance.

Mr van Rooyen stands for sound corporate governance, continuation of the marketing programs now making their mark internationally, balanced investments in on and off farm R & D and the continuation of the strong team building between the Board and management at AWI.

Mr David Webster

Mr David Webster is a current director of Australian Wool Innovation Limited and Australian Wool Testing Authority Ltd (AWTA), as well as Pabula Pty Ltd, Nova Downs Pty Ltd, Brolga Minerals Pty Ltd and Rural Organics Pty Ltd.

Mr Webster's priorities are to:

- Direct AWI professionally as a company according to Corporations law, with the highest standards of corporate governance.
- Preserve the rights of Australian woolgrowers and farmers in general to conduct their business without undue interference from outside the growing industry.
- Enhance the financial status of woolgrowers through prudent management of growers' levy funds.
- Further develop the very successful marketing program developed in recent years by AWI for the benefit of Australian woolgrowers.
- Present AWI as an industry organisation with the highest level of credibility and integrity for woolgrowers and the industry through to the end consumer.

Mr Robert McBride B.Ec (Actg), ASIA, ASA

As a fourth generation woolgrower with over twenty years in the industry, and holding a Bachelor of Economics with ten years' experience in banking and finance in Australia and overseas, I have a diverse skill base to offer the Board a fresh approach. I own 3 properties in New South Wales, and am a Director of AJ & PA McBride in South Australia, currently holding 12 properties in the State.

The Board has made great progress in the last few years, however I believe the industry needs a fresh and positive change in leadership.

It is important we protect mulesing until such time as there is a suitable alternative: the industry will only be harmed in the long-term if we make promises we cannot deliver. Instead, we must adopt as an industry the most humane methods of mulesing until a viable alternative is established.

Wool has ageless attributes: it is renewable, natural, and environmentally sensitive and sustainable. These attributes of wool must be marketed by Australian Wool Innovation to consumers worldwide. Wool needs to be marketed to be moving with the times and fashion, and this will require consumer education.

Research into marketing should be carried out for all micron nets: with approximately 50 percent of Australian wool over 19.5 micron, it is important that we not only focus on the fine end, but also market the mid micron net.

It is important that we create a dynamic product base and market to pass onto the next generation of Australian woolgrowers.

As a woolgrower, I recognise that those who remain in our industry are passionate and informed. We have a great product to sell, and I believe I hold the attributes to support the industry to redefine the place of Australian wool on the international platform.

Mr Alix Turner

Alix holds a Diploma in Farm Management with Honours from Marcus Oldham Agricultural College. As a National Serviceman he served with the Royal Australian Engineers in Vietnam in 1968.

As a specialist woolgrower all of his working life he has been repeatedly involved in the successful development and commercial adoption of industry practices aimed at reducing double handling, and other costs, within the supply chain.

As a Director of Australian Wool Enhancers (AWE) Ltd he was directly involved in the 1990s interaction between AWE/"Fibre Direct" and German based spinner Südwole. This interaction finally culminated, in 2008, in a public presentation by that company's Purchasing Manager titled, "Synergies Between Larger Farm Lots and Processing Efficiency".

Prior to that, in the early 1970s he was both a client and a field officer of Economic Wool Producers (EWP) Ltd's pioneering the commercial introduction of selling wool by sample and description, and of applying the principles of Objective Clip Preparation.

According to results from the Macquarie Central Sire Evaluation he has also enjoyed some success as a ram breeder.

If elected Alix hopes to use his skills and experience to:

- Promote an appreciation and assimilation of the principles of Total Quality Management and the nurturing of their application within the wool supply chain.
- As part of this process, to encourage a complete transition from the traditional "supply driven wool pipeline" to an effectively "consumer orientated supply chain", where the requirements of later stage processors are understood and respected.
- Encourage the nurturing of an effective holistic approach to developing alternative wool harvesting concepts that minimise the risk of injury and reduce the degree of exertion and skill required of the operator.

EXPLANATORY NOTES – SPECIAL BUSINESS

Item 4 – Amendment of Constitution

Item 4 proposes an amendment to the Constitution. The resolution is proposed to address practical issues which have arisen in the timing of the shareholder nomination process under the Constitution since the addition of the evaluation of candidates by the Board Nomination Committee in accordance with the requirements of the Statutory Funding Agreement 2010-2013.

As the Constitution currently stands, the Board Nomination Committee has less than one week post-nomination to fulfil its function. Should the proposed resolution be passed, the Committee will have approximately 4 weeks post-nomination to fulfil its function in future election years.

The Directors unanimously support this proposed amendment.

This resolution is proposed as a special resolution and to take effect, it must be approved by at least 75% of the votes cast on this resolution. If passed by the required majority, it will take immediate effect.

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 Standard Time on Friday 30 September 2011 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 16 November 2011):

- (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 16 November 2011, 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.



Sally Holmes
Company Secretary
Australian Wool Innovation Limited
as authorised by the Board of Directors
13 October 2011

AUSTRALIAN WOOL INNOVATION LIMITED

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Share Registry

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