

Australian Wool Innovation Limited
(ACN 095 165 558)

Rules and Procedures governing the election of Directors

These Rules and Procedures were adopted by a resolution of the
Board of Directors at a meeting held on 17 March 2004

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Rules and procedures governing the election of directors

The following rules and procedures (**Rules and Procedures**) will govern the conduct at any general meeting of Australian Wool Innovation Limited (**AWI**) of the election of Directors. The Rules and Procedures are made pursuant to Rule 13.3(f) of the constitution of AWI (**Constitution**).

Capitalised words and expressions used in these Rules and Procedures which are not defined in these Rules and Procedures have the meaning given to them in the Constitution, unless the context requires otherwise.

1. Eligibility for nomination to the office of Director

Rule 13.3. (d) of the Constitution provides that a person (other than a retiring Director) will only be eligible for election to the office of Director at a general meeting if:

- (i) there is a vacancy to be filled;
- (ii) the person is nominated by:
 - (A) the Board; or
 - (B) means of a written nomination signed by in excess of 99 (or such lesser number as may be prescribed by the Law) of eligible shareholders.
- (iii) the person consents to the nomination in writing; and
- (iv) the nomination and consent are received by AWI not less than 42 days nor more than 60 days before the meeting.

2. Shareholders' entitlement to nominate candidates for election

Each shareholder listed on the register of shareholders as at the time a nomination is received will be entitled to sign a nomination of a candidate for election to the office of Director at a general meeting, provided that where there are joint holders of a share, then only the holder first named on the register may sign the nomination form.

The register of shareholders will be available for inspection by shareholders at the Office during the ordinary hours of business, which are 8.30am to 5.30pm Monday to Friday.

3. Form of nominations and consents

3.1 Nominations

A nomination must:

- (a) be in writing;
- (b) set out the following details in relation to each of the shareholders nominating the candidate:
 - (i) the shareholder's full name as appears on the share certificate;
 - (ii) the shareholder's address; and

- (iii) the shareholder's security reference number ("SRN") (as appears on the share certificate);
- (c) be signed by each shareholder nominating the candidate; and
- (d) set out the name, address and contact details of the person chosen by the shareholders nominating the candidate to act as the shareholders' representative

A nomination may consist of several documents in the same form each containing the original signature or signatures of one or more shareholders nominating the candidate. The Board will only accept original or faxed signed nominations.

To assist shareholders in making nominations, a standard nomination form is available. To access the standard nomination form, visit www.wool.com.au or phone the AWI Helpline on 1800 070 099.

3.2 Consents

Any candidate nominated must consent to their nomination and to becoming a director. To assist shareholders, a standard consent to nomination is available. To access the standard consent to nomination, visit www.wool.com.au or phone the AWI Helpline on 1800 070 099.

4. Period for lodging nominations

In accordance with Rule 13.3(d)(iv) of the Constitution, to be considered at a general meeting, nomination forms and consents to nomination must be received by AWI not less than 42 days nor more than 60 days before the general meeting.

5. Place for lodging nominations

Nomination forms and consents to nomination must be addressed to the Company Secretary and left at, or sent to, one of the following addresses:

Australian Wool Innovation Limited	Australian Wool Innovation Limited
Level 5, 16–20 Barrack Street	GPO Box 4177
Sydney NSW 2000	Sydney NSW 2001
Facsimile: 02 9299 9880	

6. Declaration of nomination

As soon as practicable after a nomination form and consent to nomination are received by the Board, the Board will notify the relevant Nominating Shareholders' Representative as to whether the nomination has been properly made.

7. Voting system

If there are the same number of candidates as vacancies (or fewer candidates than vacancies), then the following system will apply. A candidate must receive more votes approving their election as a director than not approving their election as a director to be elected.

If the number of candidates exceeds the number of vacancies, then the following system will apply. The Chairman will call for a poll, and 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. The candidate or candidates (where there is more than one vacancy) with the greatest number of votes will be elected until all vacancies are filled. The remaining candidate or candidates will be excluded. If a shareholder votes in favour of the appointment of more candidates than the number of vacancies, such vote will be invalid.

8. Prevention of irregularities

The Board may take such action and give such directions as the Board considers necessary in order to ensure that no irregularities occur in or in connection with an election or to remedy any inconsistency or inadequacy that arises in the application of these Rules and Procedures.

Notwithstanding anything to the contrary in these Rules and Procedures, failure (other than a deliberative failure) to advise or notify a shareholder of or in relation to any aspect of the nomination will not render any election or appointment void, voidable or unenforceable.

If any doubt or dispute arises as to the validity of any nomination, any vote or any election, the decision of the Board will be final and binding on all interested persons.

9. Amendment to Rules and Procedures

In accordance with Rule 13.3(g), these Rules and Procedures may be amended by resolution of Directors, from time to time, providing not less than 75% of the Directors at the time of the passing of the resolution, vote in favour of the resolution. No resolution to alter the rules and procedures may be passed less than 75 days prior to any annual general meeting. The decision of the Board as to the Rules and Procedures and the application of the Rules and Procedures is final and conclusive.