



NAMOI COTTON CO-OPERATIVE LTD
ARBN 76 010 485 588
AFSL 267863
NOTICE OF MEETINGS FOR 2006

Notice is given that the meetings listed below will be held at 11am on Wednesday 26 July 2006:

- Namoi Capital Stockholders Meeting; and
- Annual General Meeting of Grower Members.

The Namoi Capital Stockholders Meeting will commence at 11am. The Annual General Meeting will be held at the conclusion of the Namoi Capital Stockholders Meeting. Both meetings will be held at the Wee Waa Bowling Club, Alma Street, Wee Waa, NSW.

NAMOI CAPITAL STOCKHOLDERS MEETING

BUSINESS

Item 1 - Remuneration of Non-Grower Directors

To consider and, if thought fit, to pass the following ordinary resolution:

“That, the annual remuneration of Non-Grower Directors (pro-rata in the case of periods of less than a year) be as follows:

- (a) \$45,000 per annum for the Non-Grower Directors;
- (b) Chairman of a Board Committee - \$7,500 per annum (in addition to the remuneration set out in paragraph (a) above);
- (c) Members of a Board Committee - \$2,500 per annum (in addition to the remuneration set out in paragraph (a) above; and
- (d) Any Non-Grower Directors serving two terms are entitled to a retirement benefit equivalent to two year’s remuneration based on their remuneration for the last year of service.

Namoi Cotton will disregard any votes cast on this resolution by:

- a director of Namoi Cotton; and
- an associate of a director,

unless the vote is cast by a person as proxy for a person entitled to vote, in accordance with the directions on the proxy form or unless the vote is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

Item 2 – Nomination of Non-Grower Directors

To consider and, if thought fit, to pass the following ordinary resolution:

“Michael Boyce”, a Non-Grower Director retiring from office by rotation in accordance with Rule 49.3 of the Namoi Cotton Rules, being eligible, be nominated as a Non-Grower Director, for submission to the General Meeting of Members for election by the Members in accordance with Namoi Cotton Rule 15.6.

Item 3 - Other business

To transact any other special business that may be brought forward in accordance with the Namoi Cotton Rules.

ANNUAL GENERAL MEETING OF GROWER MEMBERS

BUSINESS

Item 1 - Minutes of Annual General Meeting

To confirm the minutes of the 42nd Annual General Meeting held on Wednesday 27 July 2005.

Item 2 - Financial Report

To receive and consider the Financial Report, including the reports of the Directors and Auditors, for the year ended 28 February 2006.

Item 3 - Election of Grower Directors

Please note that there are two Grower Director candidates for two Grower Director vacancies.

To consider and, if thought fit, to pass the following ordinary resolutions:

- *“That Mr Walter Taylor”, a Grower Director retiring from office by rotation in accordance with Namoi Cotton Rule 49.3, being eligible, be re-elected as a Grower Director of Namoi Cotton in accordance with the Namoi Cotton Rules.*
- *“That Mr Ben Coulton” in accordance with Namoi Cotton Rule 49.4, being eligible, be nominated as a Grower Director, for submission to the General Meeting of Members for election by the Grower Members in accordance with the Namoi Cotton Rules.*

Item 4 – Election of Non-Grower Directors

To consider and, if thought fit, to pass the following ordinary resolution:

“To elect the Non-Grower Directors submitted by the Namoi Cotton Capital Stockholders for approval by the Grower Members at the General Meeting of Members.”

Item 5 - Remuneration of Directors

To consider and, if thought fit, to pass the following ordinary resolution:

- “That, the annual remuneration of Directors (pro-rata in the case of periods of less than a year) be as follows:
- (a) \$70,000 per annum for the Chairman;
 - (b) \$45,000 per annum for the Non-Grower Directors;
 - (c) \$35,000 per annum for the Grower Directors;
 - (d) Chairman of a Board Committee - \$7,500 per annum (in addition to the remuneration set out in paragraphs (a)–(c) above);
 - (e) Members of a Board Committee - \$2,500 per annum (in addition to the remuneration set out in paragraphs (a) – (c) above); and
 - (f) Any Non-Grower Directors and Grower Directors serving two terms are entitled to a retirement benefit equivalent to two year’s based on their remuneration for the last year of service.”

Namoi Cotton will disregard any votes cast on this resolution by:

- a director of Namoi Cotton; and
- an associate of a director,

unless the vote is cast by a person as proxy for a person entitled to vote, in accordance with the directions on the proxy form or unless the vote is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

Item 6 – Changes for Namoi Cotton Rules

To consider and, if thought fit, to pass the following resolutions to pass changes to the Namoi Cotton Rules (as a special resolution of Members):

Please note a mark up copy of the Namoi Cotton Rules with the proposed changes is available at request from the Company Secretary.

Namoi Cotton Rule 1

“That the following definitions be added to Namoi Cotton Rule 1”

Chairperson means the chairperson for the Co-operative from time to time.

Corporations Law means the Corporations Act 2001.

Deputy Director means a Deputy Director appointed in accordance with Rule 54.1.

Ordinary Resolution has the meaning as in the Act.

Principal Executive Officer means the chief executive officer appointed for the Co-operative from time to time.

Secretary means the secretary appointed for the Co-operative from time to time.

“That the definitions below in Namoi Cotton Rule 1 be amended by deleting the existing definitions and replacing them with the following new definitions as set out below”.

Act or Co-operatives Act means the Co-operatives Act 1992 (New South Wales) and includes any amendment or re-enactment of that Act, code or other statutory instrument in substitution of that Act.

Board means the whole or any number of the Directors assembled at a meeting of the Directors or transacting business in accordance with Rule 56.

Namoi Capital Stock means a CCU, as provided for in Division 2 Part 10 of the Act and subject to the terms of issue set out in Rule 15.

Register means the register of Members of the Co-operative.

Namoi Cotton Rule 1.3

“That Namoi Cotton Rule 1.3 be amended by deleting the existing Namoi Cotton Rule 1.3 and replacing it with the following new Namoi Cotton Rule 1.3.”

1.3 These Rules are to be interpreted subject to the Co-operatives Act and the Listing Rules.

Namoi Cotton Rule 2.1

“That Namoi Cotton Rule 2.1 be amended by deleting the existing Namoi Cotton Rule 2.1 and replacing it with the following new Rule 2.1.”

2.1 The Rules of the Co-operative are intended to have the effect of a contract under seal:

- (a) between the Co-operative and each Member;
- (b) between the Co-operative and each holder of a CCU;
- (c) between the Co-operative and each Director, the Principal Executive Officer and the Secretary; and
- (d) between a Member and each other Member.
- (e) between a holder of CCU's and each other holder of CCU's and each Member.

Under the contract, each of those persons agrees to observe and perform the provisions of the Rules as in force for the time being so far as those provisions are applicable to that person.

Namoi Cotton Rule 4.1

“That Namoi Cotton Rule 4.1 be amended by deleting the existing Namoi Cotton Rule 4.1 and replacing it with the following new Namoi Cotton Rule 4.1.”

- 4.1 The registered office of the Co-operative shall be at Pilliga Road, Wee Waa, New South Wales 2388 or such other place as the Board of the Co-operative may determine. The Board shall notify the Registrar of any change of address of the registered office within 14 days after the change, and on the form approved by the Registrar.

Namoi Cotton Rule 5.3

“That Namoi Cotton Rule 5.3 be amended by deleting the existing Namoi Cotton Rule 5.3 and replacing it with the following new Rule 5.3.”

- 5.3 Subject to the provisions of the Act, the Listing Rules and any conditions imposed by the Registrar the Co-operative may redeem CCU's.

Namoi Cotton Rule 9.2

“That Namoi Cotton Rule 9.2 be amended by deleting the existing Namoi Cotton Rule 9.2 and replacing it with the following new Rule 9.2.”

- 9.2 The Co-operative may by a Special Resolution from time to time require Members to enter into such contracts as may be determined by such special resolution and within the time specified in the Special Resolution. Neglect by a Member to do so shall be deemed to be conduct detrimental to the Co-operative and the Member shall be liable to expulsion as provided in these Rules.

Namoi Cotton Rule 9.4

“That Namoi Cotton Rule 9.4 be amended by deleting the existing Namoi Cotton Rule 9.4 and replacing it with the following new Rule 9.4.”

- 9.4 The sum under Rule 9.3(c), if any, specified as liquidated damages is to be considered as a debt due to the Co-operative and in respect of such debt, the Co-operative has, pursuant to section 80 of the Act, a charge on each of the following:
- (a) the Grower Share or interest in the capital and the credit balance and deposits of the Member or of the past Member;
 - (b) any dividend, interest, bonus or rebate payable to the Member or past Member; and
 - (c) any entry fees and regular subscriptions required to be repaid to a Member when the Member ceases to be a Member.

The charge created pursuant to section 80 of the Act shall be enforced in accordance with that section and Rule 29.

Namoi Cotton Rule 10.3(a)

“That Namoi Cotton Rule 10.3(a) be amended by deleting the existing Namoi Cotton Rule 10.3(a) and replacing it with the following new Namoi Cotton Rule 10.3(a).”

- 10.3
- (a) The seal of the Co-operative shall not be affixed to any instrument except by resolution of the Board. Two Directors or a Director and the Secretary or such other person or persons as the Board may appoint for the purpose, the Directors or Secretary or such other person authorised by the Board must be present and must sign all instruments sealed while they are present.

Namoi Cotton Rule 11

“That Namoi Cotton Rule 11 be amended by deleting the existing Namoi Cotton Rule 11 and replacing it with the following new Namoi Cotton Rule 11.”

11 Custody And Inspection Of Records And Registers

11.1 The Co-operative must have at its registered office and available during normal office hours for inspection by any Member, holder of CCUs or creditor free of charge:

- (a) a copy of the Act and Regulations;
- (b) a copy of the Rules;
- (c) a copy of the accounts of the Co-operative and of each subsidiary of the Co-operative, in respect of the financial year of the Co-operative or subsidiary then last past, together with any report of the auditors or Directors of the Co-operative or subsidiary concerning those accounts;
- (d) the register of Directors;
- (e) the register of loans to, securities given by, debentures issued by and deposits received by the Co-operative; and
- (f) the register of CCUs issued by the Co-operative.

11.2 Members are entitled to inspect the register of Members, Directors and Grower Shares of the Co-operative during normal office hours, and to make a copy of the entries therein for a fee not exceeding \$2.

11.3 The minutes of the meetings of the Co-operative must be kept at the registered office and be available for inspection by any Member free of charge.

Namoi Cotton Rule 14.2(a)

“That Namoi Cotton Rule 14.2(a) be amended by deleting the existing Namoi Cotton Rule 14.2(a) and replacing it with the following new Namoi Cotton Rule 14.2(a).”

14.2 The Co-operative may issue CCUs in accordance with the Act and the Rules where:

- (a) the terms of issue have been approved:
 - (i) by a Special Resolution of Active Members; and
 - (ii) subject to the specific terms of issue for each issue of CCUs by the Co-operative, by a Special Resolution of holders of CCUs;

Namoi Cotton Rule 14.7

“That Namoi Cotton Rule 14.7 be amended by deleting the existing Namoi Cotton Rule 14.7 and replacing it with the following new Namoi Cotton Rule 14.7.”

14.7 The holder of a CCU is entitled to receive copies of all documents provided by the Co-operative to Members for the annual general meeting of Members.

Namoi Cotton Rule 15.6

“That Namoi Cotton Rule 15.6 be amended by deleting the existing Namoi Cotton Rule 15.6 and replacing it with the following new Namoi Cotton Rule 15.6.”

15.6 Preconditions to Certain Member Resolutions

- (a) The rights of the holders of Namoi Capital Stock include the rights set out in this Rule 15.6 and any failure to comply with the following provisions shall be considered to be a variation of the rights of Namoi Capital Stock.
- (b) Subject to the number vacancies for Non-Grower Directors on the Board at the time of the meeting, the holders of the Namoi Capital Stock have the right to approve at a Namoi Capital Stock Meeting the identity of at least two (2) of the Non-Grower Directors to be submitted to the general meeting of Members. Only those persons approved by a simple majority by the holders of Namoi Capital Stock at a Namoi Capital Stock Meeting may be submitted to the general meeting of Members for election as a Non-Grower Director(s) for the Board, if there are more candidates than the number of vacancies for Non-Grower Directors on the Board, then the number of candidates submitted to the general meeting of Members will be equivalent to the number of vacancies for Non-Grower Directors on the Board, the nominee(s) which will be submitted to the general meeting of Members in such circumstances will be the nominee(s) with the highest simple majority. These arrangements will also apply to any election of Non-Grower Directors by Members to fill a casual vacancy.
- (c) The prior approval of the holders of Namoi Capital Stock at a Namoi Capital Stock Meeting shall be required for the submission of the remuneration of the Non-Grower Directors nominated by the holders of Namoi Capital Stock to consideration at a general meeting of Members. The holders of Namoi Capital Stock have the right to approve at a Namoi Capital Stock Meeting the amount and terms of remuneration that will be submitted to the general meeting. Only the amount and terms of remuneration approved by the holders of Namoi Capital Stock at a Namoi Capital Stock Meeting may be considered for approval by Members at a general meeting of Members. If at the Namoi Capital Stock Meeting the amount and terms of remuneration, are not passed by a simple majority by the holders of Namoi Capital Stock, then in such circumstances the amount and terms of remuneration for Non-Grower Director’s to be submitted to the general meeting of Members will be the terms of remuneration for Non-Grower Director’s in existence prior to the Namoi Capital Stock Meeting.
- (d) The provisions set out in Rule 49 on voting shall apply to Rules 15.6(b) and (c).

Namoi Cotton Rule 15.8

“That Namoi Cotton Rule 15.8 be amended by deleting the existing Namoi Cotton Rule 15.8 and replacing it with the following new Namoi Cotton Rule 15.8.”

15.8 Variation of Rights

- (a) Subject to the Act, the rights attaching to Namoi Capital Stock may, whether or not the Co-operative is being wound up, be varied in any way only with both of the following consents:
 - (i) consent in writing of the holders of at least seventy-five per cent (75%) of the Namoi Capital Stock, or with the sanction of a Special Resolution approved by the holders of at least seventy-five per cent (75%) of the Namoi Capital Stock given in writing or at a Namoi Capital Stock Meeting; and
 - (ii) consent by a Special Resolution of Members in accordance with the Act.
- (b) The rights conferred on the holders of Namoi Capital Stock are not deemed to be varied by the creation or issue of additional CCUs ranking equally with Namoi Capital Stock.

Namoi Cotton Rule 15.10

“That Namoi Cotton Rule 15.10 be amended by deleting the existing Namoi Cotton Rule 15.10 and replacing it with the following new Namoi Cotton Rule 15.10.”

15.10 Redemption

Namoi Capital Stock maybe redeemed in accordance with the Act, the Listing Rules and any conditions imposed by the Registrar.

Namoi Cotton Rule 15.15(a)

“That Namoi Cotton Rule 15.15(a) be amended by deleting the existing Namoi Cotton Rule 15.15(a) and replacing it with the following new Namoi Cotton Rule 15.15(a).”

15.15 Restrictions and Disclosure of Holdings

- (a) (i) No person and the person’s Associates may, in aggregate, hold a Relevant Interest in more than twenty percent (20%) of the Namoi Capital Stock on issue from time to time. The rights of the holders of Namoi Capital Stock include the rights set out in this Rule 15.15(a) and any failure to comply with these provisions shall be considered a variation of the rights of Namoi Capital Stock.
- (ii) In accordance with the requirements of ASX for the purposes of listing of Namoi Capital Stock on ASX, the restriction on holdings of Namoi Capital Stock specified in Rule 15.15(a)(i) will apply from the date of adoption of these Rules and may be only varied in accordance with Act.

Namoi Cotton Rule 16.3

“That Rule Namoi Cotton Rule 16.3 be amended by deleting the existing Namoi Cotton Rule 16.3 and replacing it with the following new Namoi Cotton Rule 16.3.”

- 16.3 The Board may, at its absolute discretion, refuse any application for Membership or Grower Shares (other than additional Grower Shares the subject of a compulsory issue under section 155 of the Act) and need assign no reasons for such refusal. Upon refusal the applicant’s deposit shall be refunded without interest.

Namoi Cotton Rule 37

“That Namoi Cotton Rule 37 be amended by deleting the existing Namoi Cotton Rule 37 and replacing it with the following new Namoi Cotton Rule 37.”

37 Special General Meetings

- 37.1 The Board may, whenever it thinks fit, convene a special general meeting of the Co-operative.

37.2

- (a) The Board must convene a general meeting of the Co-operative on the requisition in writing by Active Members in accordance with the Act.
- (b) The requisition under Rule 37.2 must:
 - (i) state the objects of the meeting;
 - (ii) be signed by the requisitioning Active Members and may consist of several documents in like form each signed by one or more of the requisitioning Active Members; and
 - (iii) be served on the Co-operative by being lodged at the registered office of the Co-operative.
- (c) A meeting requisitioned by Active Members in accordance with these Rules must be convened and held as soon as practicable and be held within 2 months after the requisition is served.

Namoi Cotton Rules 38.3 and 38.4

“That Namoi Cotton Rules 38.3 and 38.4 be amended by deleting the existing Namoi Cotton Rules 38.3 and 38.4 and replacing them with the following new Namoi Cotton Rules 38.3 and 38.4.”

- 38.3 Any Active Member who has a resolution to submit to a general meeting shall give written notice of it to the Co-operative not less than 28 days prior to the date of the meeting.

- 38.4 The Board shall have inserted in any notice convening a general meeting any business which a Active Member has notified his or her intention to move (and that notification has been made in accordance with these Rules), provided that the business notified by the Active Member can be moved as a matter of law.

Namoi Cotton Rule 40

“That Namoi Cotton Rule 40 be amended by deleting the existing Namoi Cotton Rule 40 and replacing it with the following new Rule Namoi Cotton Rule 40.”

40 Quorum At General Meetings

- 40.1 No item of business shall be transacted at any general meeting unless a quorum of Active Members is present at the time when the meeting is considering that item.
- 40.2 Except where these Rules state otherwise, 10 Active Members present in person and entitled to exercise a total of 10 votes constitute a quorum.
- 40.3 If within half an hour after the appointed time for the meeting a quorum is not present, the meeting, if convened upon the requisition of Active Members, shall be dissolved. In any other case, it shall be adjourned to the same day in the next week at the same time and place. If at the adjourned meeting a quorum is not present within half an hour after the time appointed for the meeting the Active Members present shall constitute a quorum.

Namoi Cotton Rule 44(v) New Addition

“That Namoi Cotton Rule 44 be amended by adding a new sub-clause (v) as follows:

- (V) A Member of the Co-operative is not entitled to vote in a postal ballot of the Co-operative unless that person is an Active Member of the Co-operative.

Namoi Cotton Rule 46.1

“That Namoi Cotton Rule 46.1 be amended by deleting the existing Namoi Cotton Rule 46.1 and replacing it with the following new Namoi Cotton Rule 46.1.”

46 Special Resolution of Members

- 46.1 Subject to the Act, a Special Resolution means a resolution of which not less than 21 days’ notice has been given to Members specifying:
- (a) the intention to propose the Special Resolution, and
 - (b) the reasons for the making of the Special Resolution, and
 - (c) the effect of the Special Resolution being passed.
- and, which is passed either by:
- (i) two-thirds of the Members who vote in person or by proxy at a general meeting of Members;
 - (ii) two-thirds of the Members who cast formal votes in a postal ballot (other than a special postal ballot) of Members, or
 - (iii) three-quarters of the Members who cast formal votes in a special postal ballot of Members.

Namoi Cotton Rule 47.1

“That Namoi Cotton Rule 47.1 be amended by deleting the existing Namoi Cotton Rule 47.1 and replacing it with the following new Namoi Cotton Rule 47.1.”

47 Board Of Directors

- 47.1 There shall be a Board with a minimum of five (5) Directors and a maximum of seven (7) Directors. A simple majority of Directors must be Grower Directors. Each Director must be above 18 years of age. Subject to a majority of the Directors being Grower Directors and there being a minimum of five Directors, subject to the Board acting reasonably, the Board may determine the composition of the Board, that is:
- (a) whether the number of Directors shall be five, six or seven; and
 - (b) the number of Grower Directors and the number of Non-Grower Directors to make up the Board.

Namoi Cotton Rule 49

“That the heading for Namoi Cotton Rule 49 be amended by deleting the existing heading and replacing it with the following new heading.”

49 Retirement and Election of Directors

Namoi Cotton Rule 49.6, 49.7 and 49.8

“That Namoi Cotton Rule 49 be amended by adding new sub-clauses 49.6, 49.7 and 49.8 as follows:

49.6 If at a meeting undertaken pursuant to Rule 49.5 at which an election of Directors ought to take place and the places of the retiring Directors or any of them shall not be filled, the vacancies are taken to be casual vacancies and shall be filled in accordance with Rule 51.

49.7 Subject to the Act and these Rules, at the annual general meeting or a general meeting of Namoi Capital Stockholders:

- (a) a resolution put to the vote on the election of Non-Grower Directors, and/or remuneration for Non-Grower Directors, shall be decided on a show of hands. This is unless a poll is (which maybe before or on the declaration of the result of the show of hands) demanded by at least 5 persons entitled to vote on the resolution. If no poll is demanded, a declaration by the Chairperson that a resolution has, on a show of hands, been carried or carried unanimously, or by a particular majority, or lost, and an entry to that effect in the book of the proceedings of the Co-operative shall be evidence of the fact. No proof is needed of the number or proportion of the votes recorded in favour of or against, the resolution;
- (b) on a show of hands or on a poll every person entitled to vote on the resolution or representative of a body corporate pursuant to section 68 of the Act (not under the age of 18) who is present at a meeting in person or represented by proxy or attorney shall have one (1) vote for each fully paid Namoi Capital Stock held. However, no Namoi Capital Stock holder shall have a vote, or be entitled to vote, contrary to the Act;
- (c) for each resolution the Namoi Capital Stock holder has one (1) vote for each fully paid Namoi Capital Stock held;
- (d) in the case of an equality of votes for a resolution, whether on a show of hands or on a poll, the votes will be taken again for the second time. If after the votes are taken for the second time and the votes are deadlocked for the resolution, the resolution in question will be adjourned for the next general meeting to be held in accordance with Rule 49.5;
- (e) all resolutions for the election of Non- Grower Director’s shall be determined by a simple majority. If there are more candidates than the number of vacancies for Non-Grower Directors on the Board, then the number of candidates submitted to the general meeting of Members will be equivalent to the number of vacancies for Non-Grower Directors on the Board, the nominee(s) which will be submitted to the general meeting of Members in such circumstances will be the nominee(s) with the highest simple majority; and
- (a) if at the Meeting of Namoi Capital Stockholders the amount and terms of remuneration for Non-Grower Directors, is not passed by a simple majority by Namoi Capital Stockholders, then in such circumstances the amount and terms of remuneration in existence prior to the Meeting of Namoi Capital Stockholders shall be submitted to the meeting of Members for approval.

49.8 Subject to the Act and these Rules, at the annual general meeting or a general meeting of Members:

- (b) only Active Members are entitled to vote in person or by proxy or by postal ballot;
- (c) a resolution put to the vote on the election of Non-Grower Directors and/or remuneration for Non-Grower Directors, and/or Grower Directors and/or remuneration for Grower Directors, shall be decided on a show of hands. This is unless a poll is (which maybe before or on the declaration of the result of the show of hands) demanded by at least 5 persons entitled to vote on the resolution. If no poll is demanded, a declaration by the Chairperson that a resolution has, on a show of hands, been carried or carried unanimously, or by a particular majority, or lost, and an entry to that effect in the book of the proceedings of the Co-operative shall be evidence of the fact. No proof is needed of the number or proportion of the votes recorded in favour of or against, the resolution;
- (d) on a show of hands or on a poll every person entitled to vote on the resolution or representative of a body corporate pursuant to section 68 of the Act (not under the age of 18) who is present at a meeting in person or represented by proxy or attorney shall have one (1) vote for each Active Member. However, no Active Member shall have a vote, or be entitled to vote, contrary to the Act;
- (e) for each resolution the Active Member has one (1) vote;

- (f) in the case of an equality of votes for a resolution, whether on a show of hands or on a poll, the votes will be taken again for the second time. If after the votes are taken for the second time and the votes are deadlocked for the resolution, the resolution in question will be adjourned for the next general meeting to be held in accordance with Rule 49.5;
- (g) all resolutions for the election of Grower Director's, Non-Grower Directors, remuneration for Non-Grower Directors and/or Grower Directors shall be determined by a simple majority;
- (h) if there are more candidates than vacancies on the Board for Grower Director's, the nominee's for Grower Director(s) with the greatest majority equivalent to the number of vacancies for Grower Director(s) shall be elected to the Board. These arrangements will also apply to any election of Grower Directors by Active Members to fill a casual vacancy;
- (i) if at the Meeting of Members the amount and terms of remuneration for Grower Directors or Non-Grower Directors, for either is not passed by a simple majority by Active Members, then in such circumstances the amount and terms of remuneration in existence prior to the Meeting of Members shall apply until the next annual general meeting.

Item 7 - Other business

To transact any other special business that may be brought forward in accordance with the Namoi Cotton Rules.

NAMOI CAPITAL STOCKHOLDERS WHO ARE ENTITLED TO VOTE

Persons holding Namoi Capital Stock at 11am (New South Wales time) on Tuesday, 25 July 2006 will be treated as Namoi Capital Stockholders for the purposes of this meeting.

GROWER MEMBERS WHO ARE ENTITLED TO VOTE

Persons who are active members in accordance with the Namoi Cotton Rules and holding Grower Shares at 11am (New South Wales time) on Tuesday, 25 July 2006 will be treated as Grower Members eligible to vote for the purposes of this meeting.

By order of the Board



Bailey Garcha
Company Secretary
Dated 19 June 2006

NAMOI COTTON CO-OPERATIVE LTD
EXPLANATORY NOTES TO THE NAMOI CAPITAL STOCKHOLDERS MEETING

GENERAL

The rights attaching to Namoi Capital Stock are set out in Namoi Cotton Rule 15. Holders of Namoi Capital Stock have the right to attend the Annual General Meeting of Members of Namoi Cotton Co-operative Ltd. Namoi Capital Stock, however, does not confer any right to vote at the Annual General Meeting.

ITEM 1 – Remuneration of Non-Grower Directors

Namoi Cotton Rule 15.6 requires the amount and terms of remuneration of Non-Grower Directors to be approved at a Namoi Capital Stockholder Meeting before being submitted to the Annual General Meeting for election and approval by Members. The remuneration for Non-Grower Directors is to remain unchanged from that approved at last years Annual General Meeting.

ITEM 2 – Nomination of Non-Grower Directors

The Namoi Cotton Rules permit Namoi Cotton to have a maximum of 7 Directors, with the exception that there must be a majority of Grower Directors at all times. Currently the Board has 3 Non-Grower Directors on the Board: Mr Norman Fussell, Mr Richard Anderson and Mr Michael Boyce and 4 Grower Directors: Mr Stuart Boydell, Mr Bruce Longworth, Mr Walter Taylor and Mr Christopher Lehmann.

Namoi Capital Stockholders have the right under Namoi Cotton Rule 15.6 to approve the identity of Non-Grower Directors to be submitted for approval at the General Meeting of Members. There is one candidate for one Non-Grower Director position. Namoi Cotton Rule 15.6 requires the holders of Namoi Capital Stock to approve for election by the Members the Non-Grower Director candidate.

The candidate is Mr Michael Boyce, a current Non-Grower Director, he has retired in accordance with the Namoi Cotton Rules and offers himself for re-election.

It is the intention of the Chairman to call a poll to determine the elections. In that case, in order to be elected, a candidate must receive more votes in favour than against from those present and voting on the resolution, in person or by proxy.

Only the candidates approved by the Namoi Capital Stockholders will be submitted for nomination to the Annual General Meeting of Members.

The Board recommends that Namoi Capital Stockholders approve the nomination of Mr Michael Boyce. Namoi Capital Stockholders voting by proxy should lodge the proxy form provided with this correspondence.

Michael Boyce Non-Executive - Non-Grower Director, FCA, FAICD, B Com, HDA

Mr. Boyce was appointed to the Board as a Non-Grower Director in October 2002. His appointment was ratified by Namoi Capital Stockholders and Members at the 2003 Annual General Meetings. He was the founding partner of BOYCE Chartered Accountants, a practice involved in management accounting in agriculture. He is currently a director of Monbeef Pty Ltd and Hazeldean Pty Ltd and chairman of the Fugen Hardware group. Mr. Boyce is a member of the Namoi Cotton Audit and Compliance Committee.

NAMOI COTTON CO-OPERATIVE LTD
EXPLANATORY NOTES TO THE ANNUAL GENERAL MEETING OF GROWER MEMBERS

ITEM 1 – CONFIRMATION OF MINUTES OF GENERAL MEETING

Section 203(1) of the Co-operatives Act 1992 (NSW) requires that the minutes of each general meeting must be confirmed at, and signed by, the Chairman of the next succeeding general meeting. Section 203(2) requires that the minutes of each general meeting be available for inspection by members.

For this purpose, copies of the minutes of the 42nd Annual General Meeting held on 27 July 2005 are available for inspection during normal office hours at Namoi Cotton's head office in Wee Waa and its Toowoomba office prior to the Annual General Meeting. Copies of these minutes are also available for inspection 30 minutes prior to the Annual General Meeting. This gives Members the opportunity to review the minutes of the previous general meetings. It is not intended that these minutes will be read at the Annual General Meeting.

ITEM 2 – FINANCIAL REPORT

To receive and consider the Financial Report, including the reports of the Directors and Auditors, for the year ended 28 February 2006.

ITEM 3 – ELECTION OF GROWER DIRECTORS

The Namoi Cotton Rules permit Namoi Cotton to have a maximum of 7 Directors on the Board, with the exception that there must be a majority of Grower Directors at all times. Currently the Board has 3 Non-Grower Directors on the Board: Mr Norman Fussell, Mr Richard Anderson and Mr Michael Boyce and 4 Grower Directors: Mr Stuart Boydell, Mr Bruce Longworth, Mr Walter Taylor and Mr Christopher Lehmann.

Mr Walter Taylor as a Grower Director, has retired in accordance with the Namoi Cotton Rules and offers himself for re-election.

Mr Chris Lehmann a Grower Director, for personal reasons has retired, his resignation is effective at the commencement of the 2006 Annual General Meeting.

There are two candidates for the two Grower Director positions, being Mr Walter Taylor and Mr Ben Coulton.

For the two (2) candidates, their election may be determined for the position of Grower Directors by a poll, it is the intention of the Chairman to call a poll at the Annual General Meeting to determine the elections. In that case, in order to be elected, a candidate must receive more votes in favour than against from those present and voting on the resolution, in person or by proxy.

The Board recommends that Grower Members vote for the nomination of both Mr Walter Taylor for re-election and Mr Ben Coulton as a prospective new director.

Set out below is further information on each of the candidates.

Walter Taylor, Non-Executive Grower Director

Mr. Taylor joined the Board in December 1989 as a Grower Director. He commenced growing cotton in 1981 at "Parkdale" near Boggabilla, NSW. Mr. Taylor is a member of the Namoi Cotton Marketing and Financial Risk Management Committee. Mr Taylor provides the Board with valuable industry and commercial expertise.

Ben Coulton, Non-Executive Grower Director

Mr Coulton has been an Active Member of Namoi Cotton and growing cotton in the MacIntyre, QLD region since 1976. Mr Coulton currently holds the position of Chairman of the McIntyre Valley Cotton Growers Association. Mr Coulton has extensive industry and commercial expertise.

ITEM 4 – ELECTION OF NON- GROWER DIRECTORS

Namoi Capital Stockholders have the right under Namoi Cotton Rule 15.6 to approve the election of Non-Grower Directors to be submitted for approval at the General Meeting of Members. At the Namoi Capital Stockholders meeting there is one candidate for the one position of Non-Grower Director. The candidate to be considered at the Namoi Capital Stockholders meeting is Mr Michael Boyce.

- Mr Michael Boyce a current Non-Grower Director, has retired and offers himself for re-election.

It is the intention of the Chairman to call a poll at the Namoi Capital Stockholders meeting to determine the election of Mr Michael Boyce. In that case, in order to be elected, the candidate must receive more votes in favour than against from those present and voting on the resolution, in person or by proxy.

Only the candidate approved by the Namoi Capital Stockholders will be submitted for nomination at the Annual General Meeting of Members. Members will be asked at the Annual General Meeting to consider the nominee submitted by the Namoi Capital Stockholders for election as the relevant Non-Grower Director.

Members voting by proxy should lodge the enclosed Member proxy form. Votes submitted by Members will only be considered in relation to the candidates successful at the Namoi Capital Stockholders meeting.

The Board recommends that Members vote in favour of the appointment of Mr Michael Boyce as a Non-Grower Director.

Set out below is further information on the candidate.

Michael Boyce Non-Executive Non-Grower Director, FCA, FAICD, B Com, HDA

Mr. Boyce was appointed to the Board as a Non-Grower Director in October 2002. His appointment was ratified by Namoi Capital Stockholders and Members at the 2003 Annual General Meetings. He was the founding partner of BOYCE Chartered Accountants, a practice involved in management accounting in agriculture. He is currently a director of Monbeef Pty Ltd and Hazeldean Pty Ltd and chairman of the Fugen Hardware group. Mr. Boyce is a member of the Namoi Cotton Audit and Compliance Committee.

ITEM 5 – REMUNERATION OF DIRECTORS

Namoi Cotton Rule 39.1 provides that the ordinary business of an Annual General Meeting includes the approval of remuneration of Directors. Namoi Cotton Rule 15.6 requires the amount and terms of remuneration of such Non-Grower Directors to be approved at a Namoi Capital Stockholder meeting before being submitted to the Annual General Meeting for election and approval by Members.

The remuneration for Non-Grower Directors and Grower Directors is to remain unchanged from that approved at last years Annual General Meeting.

- the Non-Grower Directors remuneration is to remain at \$45,000 per annum;
- the Grower Directors remuneration is to remain at \$40,000 per annum;
- the Chairman’s remuneration is to remain at \$70,000 per annum;
- the Chairman of Board Committee’s remuneration is to remain at \$7,500 per annum;
- the Board Committee Member’s remuneration is to remain at \$2,500 per annum; and
- Any Non-Grower Director or Grower Director serving two terms is entitled to a retirement benefit equivalent to two year’s remuneration based on their remuneration for the last year of service.

ITEM 6 – Amendment to the Namoi Cotton Rules

After an internal legal review and discussions with the Co-operatives Registrar it is recommended by the Board and Management that the Namoi Cotton Rules be amended in the form submitted in the Notice of Meeting.

The changes facilitate grammatical corrections, completion changes, general clarification and clarification for inconsistencies. A majority of the changes are self explanatory, we set out below comments for certain changes for your information:

- Namoi Cotton Rules 5.3 and 15.10 have been amended to reflect the Namoi Cotton Capital Co-operative Units (“CCU’s”) buyback, which has previously been approved by the ASX and the Co-operatives Registrar;
- Namoi Cotton Rule 15.6 and 49 have been amended with additions to set out the voting process for certain resolutions, these changes reflect the manner in which voting on certain resolutions is carried out at the Meeting of Namoi Capital Stockholders and the Annual General Meeting;
- Namoi Cotton Rule 15.15 re-instates the restriction of holdings for CCU’s in line with the ASX Listing Rules, which restricts holdings to 20%; and
- Namoi Cotton Rule 37.2 has been amended to bring this rule in line with the Co-operatives Act, in that 20% of the Co-operatives Active Members may requisition a special meeting.

It is the recommendation of the Board that this resolution be passed for the reasons noted above. Please note the proposed alterations to the Namoi Cotton Rules will be subject to the approval of the alterations by the Registrar of Co-operatives.

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