

Namoi Cotton Limited Disclosure and Communication Policy

Namoi Cotton Limited (“**Company**”)

Dated 5 DECEMBER 2018

Namoi Cotton Limited Disclosure and Communication Policy

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Namoi Cotton Limited Disclosure and Communication Policy

1 Introduction

1.1 Company's commitment to disclosure and communication

The Company is committed to the objective of promoting investor confidence and the rights of investors by:

- (a) complying with the continuous disclosure obligations imposed by law;
- (b) ensuring that company announcements are presented in a factual, clear and balanced way;
- (c) ensuring that investors have equal and timely access to material information concerning the Company; and
- (d) communicating effectively with investors and making it easy for them to participate in general meetings.

1.2 Purpose of this policy

This policy outlines corporate governance measures adopted by the Company to further its commitments. It seeks to incorporate:

- Principle 5 (Make timely and balanced disclosure) and Principle 6 (Respect the rights of security holders) of the ASX Corporate Governance Council's: Corporate Governance Principles and Recommendations;
- the principles in ASX's Guidance Note 8 Continuous Disclosure: Listing Rules 3.1- 3.1B ("**Guidance Note 8**"); and
- disclosure obligations in the ASX Listing Rules ("**Listing Rules**").

1.3 Application of this policy

This policy applies to all directors on the board of the Company ("**Board**"), as well as officers, employees and consultants of the Company.

Disclosure and materiality guidelines for officers and employees are available to assist officers and employees to understand their obligations under this policy.

This policy makes clear the obligation on Board members and the senior executive team in terms of recognising and actioning potential disclosure issues, providing a series of indicative examples of issues which would require the initiation of the information evaluation and associated procedures. The continuous disclosure policy also applies to other statements made to, for example, the media, analysts and investors by representatives of the Company.

2 Continuous disclosure obligations

2.1 Disclosure obligations

The Company is listed on ASX and must comply with the continuous disclosure obligations in the Listing Rules. These obligations have the force of law under the Corporations Act 2001 (Cth) (“**Corporations Act**”).

2.2 Immediate notification of information which may have a material effect on price or value

Listing Rule 3.1 requires the Company, subject to certain exceptions, to immediately (meaning, “promptly and without delay”) disclose to the market any information concerning the Company that a reasonable person would expect to have a material effect on the price or value of the Company’s securities. Disclosure is made by making an announcement to ASX.

This information needs to be disclosed to ASX under ASX Listing Rule 3.1 unless an exception applies at that time.

What is material depends on the Company’s business activities, size and place in the market. A matter may be material even if there is little impact on the Company’s financial position and/or financial prospects. For example, the matter may have a significant impact on the Company’s reputation or perception of the Company’s strategy.

ASX provides examples in **Listing Rule 3.1** and **Guidance Note 8**. Relevantly, the types of information that may need disclosure include:

1. a transaction that will lead to a significant change in the nature or scale of the entity’s activities;
2. a material acquisition or disposal;
3. the granting or withdrawal of a material licence;
4. the entry into, variation or termination of a material agreement;
5. a change in the entity’s financial forecast or expectation, or the fact that the entity’s earnings will be markedly different from market expectations;
6. a change in the control of the responsible entity of a trust;
7. a proposed change in the general character or nature of a trust;
8. an agreement between the entity (or a related party or subsidiary) and a director (or a related party of the director);
9. a change in accounting policy adopted by the entity;
10. becoming a plaintiff or defendant in material law suit;
11. the commission of an event of default under, or other event entitling a financier to terminate, a material financing facility;
12. the appointment of a receiver, manager, liquidator or administrator in respect of any loan, trade credit, trade debt, borrowing or securities held by it or any of its child entities;

13. a transaction for which the consideration payable or receivable is a significant proportion of the written down value of the entity's consolidated assets – normally an amount of 5 per cent or more would be significant but a smaller amount may be significant in a particular case;
14. a recommendation or declaration of a dividend or distribution;
15. a recommendation or decision that a dividend or distribution will not be declared;
16. under subscriptions or over subscriptions to an issue;
17. a copy of a document containing market sensitive information that the entity lodges with an overseas stock exchange or other regulator which is available to the public;
18. information about the beneficial ownership of securities obtained under Part 6C.2 of the *Corporations Act 2001*;
19. giving or receiving a notice of intention to make a takeover;
20. any rating applied by a rating agency to an entity, or securities or an entity, and any change to such a rating;
21. a proposal to change the entity's auditor.

There are many other types of information that could give rise to a disclosure obligation.

If any material information disclosed to the market becomes incorrect, the Company must release an announcement correcting or updating the information. Further guidance on materiality is provided in the disclosure and materiality guidelines for officers and employees.

"Immediately" means promptly without delay, as quickly as it can be undertaken in the circumstances and not deferring or postponing for a later time.

2.3 Exceptions to disclosure of information

Disclosure of price sensitive information is not required while the following paragraphs (a), (b) and (c) are satisfied:

- (a) a reasonable person would not expect the information to be disclosed; and
- (b) the information is confidential and ASX has not formed the view that the information has ceased to be confidential; and
- (c) one or more of the following 5 situations applies:
 - (i) it would be a breach of a law to disclose the information;
 - (ii) the information concerns an incomplete proposal or negotiation;
 - (iii) the information comprises matters of supposition or is insufficiently definite to warrant disclosure;
 - (iv) the information is generated for the internal management purposes of the Company; or
 - (v) the information is a trade secret.

The Company must disclose the information to ASX as soon as one of paragraphs (a), (b) or (c) is no longer satisfied.

Guidance Note 8 provides further detail on exceptions to immediate disclosure.

Information is material if it would likely influence persons who regularly buy securities in deciding whether to buy, sell or hold the Company's securities. This is referred to as price sensitive information.

3 Disclosure roles, responsibilities and internal procedures

3.1 Disclosure Committee

The Company has established a Disclosure Committee. At the date of adoption of this policy, the members are:

- the Company Secretary;
- the Chief Executive Officer (“**CEO**”); and
- the Chief Financial Officer (“**CFO**”).

The members of the Disclosure Committee may vary from time to time but will consist of at least 2 members of senior management and the Company Secretary.

3.2 Role and responsibilities of the Disclosure Committee

The role of the Disclosure Committee is to manage the Company's compliance with its disclosure obligations and this policy.

Subject to any directions given by the Board (either generally or in a particular instance), its responsibilities include:

- (a) seeking to ensure that the Company complies with its disclosure obligations including having relevant procedures in place;
- (b) assessing the possible materiality of information which is potentially price sensitive;
- (c) making decisions on information to be disclosed to the market;
- (d) seeking to ensure that announcements are made in a timely manner, are not misleading, do not omit material information and are presented in a clear, balanced and objective way;
- (e) referring any announcement which the Disclosure Committee considers to be a matter of key significance to the Board for consideration;
- (f) reviewing the Company's periodic disclosure documents and media announcements before release to the market; and
- (g) monitoring disclosure processes and reporting.

3.3 Role and responsibilities of the Company Secretary

The Company has appointed the Company Secretary as the person responsible for communication with ASX in relation to listing rule matters and also for the general administration of this policy.

The Company Secretary's responsibilities include:

- (a) seeking to ensure that ASX is immediately notified of any information which needs to be disclosed;
- (b) distributing continuous disclosure announcements to the Board and senior managers by email after they have been released to the ASX;
- (c) reviewing board papers and other information referred to the Company Secretary for events that the Company Secretary considers may give rise to disclosure obligations;
- (d) convening meetings of the Disclosure Committee; and
- (e) maintaining a record of discussions and decisions made about disclosure issues by the Disclosure Committee and a register of announcements made to ASX.

A summary of the reporting process is set out in Item 2 of Annexure B.

3.4 Other officers and employees - disclosure and materiality guidelines

This policy and the disclosure and materiality guidelines are provided to all officers and relevant employees on appointment, a copy of the materiality guidelines are set out in Item 1 of Annexure B. They must read this policy and the materiality guidelines so as to gain an appreciation of what type of information may potentially be price sensitive and when to immediately refer any matter or event which may need to be disclosed to the Company Secretary.

The Disclosure Committee will periodically review the disclosure and materiality guidelines and, where considered necessary, organise training for the Company's officers and relevant employees to:

- (a) assist with their understanding of the Company's and their own legal obligations relating to disclosure of price sensitive information, materiality and confidentiality;
- (b) raise awareness of the internal processes and controls; and
- (c) promote compliance with this policy and the guidelines.

Significant amendments made by the Disclosure Committee to this policy or the disclosure and materiality guidelines will be communicated to officers and relevant employees by the Company Secretary.

What is material depends on the Company's activities, size and position in the market. When assessing the materiality guidelines, a qualitative test should be applied and a quantitative test should be applied.

3.5 Disclosure Committee Reporting to the Board

If the Disclosure Committee becomes aware of any item which it believes requires disclosure to the ASX or for consideration whether it may trigger the Company's disclosure obligations under this policy, then the Disclosure Committee will advise the Board immediately and prepare a draft ASX release for

the Board to review and sign-off for ASX release (if the Board resolves it requires ASX disclosure).

3.6 Continuing Board Approvals – Appendix 3B – Corporate Restructure

The Board has approved the Company Secretary to lodge with the ASX:

- an Appendix 3B with the ASX monthly in relations to the conversion of Namoi Residual Stock to Namoi Cotton Ordinary Shares, unless this authority is varied or revoked at a Board meeting;
- Director Interest holding changes, which will include forms initial director holdings, variation to director holding and final holdings; and
- after Board approval the date and location of the Company annual general meeting.

4 Disclosure matters generally

4.1 Inform ASX first

The Company will not release any information publicly that is required to be disclosed through ASX until the Company has received formal confirmation of its release to the market by ASX, unless otherwise permitted by the Listing Rules.

Information must not be given to the media before it is given to ASX, even on an embargo basis.

Speculation and rumours

Generally, the Company will not respond to market speculation or rumours unless a response is required by law or ASX, including for the purposes of section 4.3 of this policy.

If it wishes to comment, the Company will lodge any material, or price sensitive information with the ASX before making any comment. In order to facilitate an orderly, fair and informed market, it may be necessary to request a trading halt from the ASX from time to time. A trading halt may be required where there has been an unauthorised public release of confidential information, or where the Company wishes to make a significant announcement. Trading halts are designed to allow sufficient time for material information to be disseminated among the market, thus avoiding speculation and market uncertainty.

4.2 False market

If ASX considers that there is, or is likely to be, a false market in the Company's securities and asks the Company to give it information to correct or prevent a false market, the Company must give ASX the information needed to correct or prevent the false market.

4.3 Trading halts and voluntary suspension

If necessary, the Disclosure Committee may consider and are authorised to request a trading halt from ASX to prevent trading in the Company's securities on an uninformed basis, and to manage disclosure issues.

4.4 Breaches

Failure to comply with the disclosure obligations in this policy may lead to a breach of the Corporations Act or Listing Rules and to personal penalties for directors and officers. Breaches of this policy may lead to disciplinary action being taken.

5 Market communication

5.1 Communication of information

The Company will post on its website relevant announcements made to the market and related information, (which may include slides and presentations used in analyst or media briefings) after they have been given to ASX and following confirmation of release to the market by ASX.

Material price sensitive information will be posted as soon as reasonably practicable after its release to ASX following receipt of confirmation from ASX.

Information may also be provided from time to time to the media on behalf of the Company but not before disclosure to ASX, even on an embargo basis.

5.2 Analysts and institutional investors

The Company may conduct briefings for analysts and institutional investors from time to time to discuss matters concerning the Company. Only the CEO and CFO or approved representatives of the Company are authorised to speak with analysts and institutional investors. The Company representatives may undertake analyst briefings, investor road shows and industry forums from time to time.

The Company policy is that no market sensitive information will be released in these venues or analyst briefings unless it is previously released to the market by the ASX.

Before each reporting period, the CEO and CFO will formulate guidelines for briefings for that period. The Company's policy at these briefings is that:

- (a) the Company will not comment on price sensitive issues not already disclosed to the market; and
- (b) any questions raised in relation to price sensitive issues not already disclosed to the market will not be answered or will be taken on notice.

If a question is taken on notice and the answer would involve the release of price sensitive information, the information must be released through ASX before responding.

A Company representative in attendance may make notes of meetings and briefings with investors or analysts. Alternatively, an event may be webcast or teleconferenced or a recording or transcript added to the Company's website.

After briefings, a member of the Disclosure Committee will consider the matters discussed at the briefings to ascertain whether any price sensitive information was inadvertently disclosed. If so, the information must be communicated to the market as set out in paragraph 5.4.

5.3 Analyst reports

If requested, the Company may review analyst reports. The Company's policy is that it will only review these reports to clarify historical information and correct factual inaccuracies if this can be achieved using information that has been disclosed to the market generally.

No comment or feedback will be provided on financial forecasts, including profit forecasts prepared by the analyst, or on conclusions or recommendations set out in the report. The Company will communicate this policy whenever asked to review an analyst report.

5.4 Inadvertent disclosure or mistaken non-disclosure

If price sensitive information is inadvertently disclosed or a director or employee becomes aware of information which should be disclosed, a member of the Disclosure Committee must immediately be contacted so that appropriate action can be taken including, if required, announcing the information through ASX and then posting it on the Company's web site.

5.5 Media relations and public statements

Media relations and communications are the responsibility of the Company Secretary and CEO and CFO. On major matters, the CEO or Chairperson is generally the spokesperson, and on financial matters, the CFO or the CEO may generally speak.

Other officers or senior employees may be authorised by the Board or the CEO to speak to the media on particular issues or matters.

Any inquiry that refers to market share, financials or any matter which the recipient considers may be price sensitive must be referred to the Company Secretary.

No information is to be given to the media on matters which are of general public interest or which may be price sensitive without the approval of the CEO.

The guidelines outlined above are subject to any directions given by the Board, either generally or in a particular instance.

6 Investor relations and communication

6.1 Investor relations program

The Company implements a range of investor relations strategies to facilitate effective two-way communication with investors.

6.2 Periodic reporting

The Company produces half yearly and yearly financial reports and an annual report in accordance with the Corporations Act, the Listing Rules and applicable accounting standards. It seeks to give balanced and understandable information about the Company and its proposals in its reports to investors.

6.3 The Company's website

The Company uses its website to provide investors with information about the Company and its governance. Investor information will be posted in a separate part on the website from other material about the Company. The website will include information relating to the following (as recommended in the ASX

Corporate Governance Council's: Corporate Governance Principles and Recommendations):

- (a) corporate governance;
- (b) communications;
- (c) Company information; and
- (d) Company and Registry contact details.

6.4 Use of electronic communication and other technology

Shareholders may elect to receive information electronically as it is posted on the Company's website. The website provides information about how to make this election. Shareholders may also communicate electronically with the Company and its Registry as provided for on the website.

The Company will communicate by post with shareholders who have not elected to receive information electronically.

The Company may consider the use of other technologies as they become widely available.

6.5 General meetings

General meetings are used to communicate with shareholders and allow an opportunity for informed shareholder participation. Shareholders are encouraged to attend or, if unable to attend, to vote on the motions proposed by appointing a proxy or using any other means included in the notice of meeting. The Company conducts its general meetings in accordance with the Company's constitution, the Corporations Act and the Listing Rules. The Board will consider the use of technology and other means to facilitate shareholder participation as appropriate.

6.6 Notices of meetings

The Company seeks to ensure that the form, content and delivery of notices of general meetings will comply with the Company's constitution, the Corporations Act and Listing Rules. Notices of meeting and accompanying explanatory notes aim to clearly, concisely and accurately set out the nature of the business to be considered at the meeting. The Company will place notices of general meetings and accompanying explanatory material on the Company's website.

6.7 Auditor to attend AGM

The external auditor will attend the annual general meeting and be available to answer questions about the conduct of the audit and the preparation and content of the auditor's report.

6.8 Shareholder privacy

The Company recognises that privacy is important and will not disclose registered shareholder details unless required by law. Shareholder details will only be used in accordance with applicable privacy laws.

7 Board Meeting Continuous Disclosure Checklist Process

The Board meets generally each month and for each meeting has a process to review the Company's continuous disclosure obligations. The Board with the Company Secretary, CEO and CFO will complete a continuous disclosure obligations checklist ("CD Checklist").

The form of the CD Checklist is attached in Annexure A, it may be varied by the Board from time to time.

If from the CD Checklist process completion there is a continuous disclosure obligation, then the relevant steps to update the market via the ASX will be followed under this policy.

A copy of the meeting CD Checklist will be completed by the Company Secretary and placed with the CD Checklist register.

8 Social Media

Unless provided for in the Company's disclosure and communications policy, no employee, officer, director or contractor may make external comments regarding the Company's business and operations without authorisation from the CEO.

The prohibition includes comments on social media.

9 Breach, Review & Publication

A breach of this policy may incur criminal liability, civil liability or a civil penalty under the Corporations Act, ASIC may issue infringement notices, ASX may suspend the securities from quotation and the aforementioned may lead negative publicity and reputational damage.

Breach of this policy may lead to disciplinary action.

The Disclosure Committee will review this policy from time to time and report to the Board any changes it considers should be made. This policy may be amended by resolution of the Board.

This policy is available on the Company's website.

Approved by the Board on 5 December 2018

Annexure A – Continuous Disclosure Checklist

The Top 22 Due Diligence Questions – Namoi Cotton Limited Board Meeting

The purpose of this questionnaire is to pose a set of high-level questions to encourage thought and debate regarding whether the answer gives rise to a continuous disclosure obligation on the part of the company. A 'yes' answer does not necessarily indicate a disclosure obligation, but indicates further enquiry is required to understand the materiality of the information giving rise to the 'yes' answer.

Question	Yes/No	Commentary
Financial		
1	Does the most recent forecast of the next full year result show a variance of 10% of EBITDA, EBIT or NPAT (either underlying or statutory) from market expectations?	
2	Does the value of any asset or CGU require impairment or revaluation by more than 10%?	
3	Has the market price of any commodity or material product line purchased or sold by the company varied by more than 10% over the period since the commencement of the current financial year?	
4	Has there been a variation of more than 10% in the expenses of the company (including the cost of debt) since the commencement of the current financial year?	
5	Has any analyst published research on the company that contains financial metrics materially different from the consensus view of analysts?	
Capital		
6	Has Namoi obtained new debt facilities, or has it varied existing debt facilities, or does it propose to do either of these things?	
7	Is the company proposing any buyback or issuance of equity?	
8	Is the company proposing to pay or declaring a dividend or proposing not to pay or declaring a dividend?	

Question	Yes/No	Commentary
Operational		
9	<p>Has the company entered into any, or does it propose to enter into any, transaction (including a sale or acquisition of a business or asset) that either:</p> <ul style="list-style-type: none"> • has the potential to vary the company's EBITDA, EBIT or NPAT by more than 10% of previous year's result; or • will, or is likely to, vary the nature or scale of the company's activities? 	
10	Has there been any change in the senior management of Namoi?	
Market		
11	Has there been any macro-economic (e.g. significant currency revaluations or movements in equity markets) or sovereign event (e.g. the closure of any market) that has the potential to vary the company's EBITDA, EBIT or NPAT by more than 10% of previous year's result?	
12	Has there been loss of, destruction of or interruption of use of any material asset of the company (including IT systems)?	
Legal & Governance		
13	Has any dispute arisen that may result in damages against or in favour of the company equivalent to more than 10% of the previous year's EBITDA, EBIT or NPAT?	
14	Has there been a breach of a material term of any contract (including finance facilities) to which the company is a party?	
15	Has any contingent liability been identified that has the potential to vary EBITDA, EBIT or NPAT by more than 10% of previous year's result?	

Question	Yes/No	Commentary
16 Has any regulator taken any action against the company?		
17 Has there been any change in the composition of the Board of Directors of the company?		
18 Has any material or systemic fraud been identified?		
19 Has a liquidator, administrator or receiver been appointed to any of Namoi's assets?		
20 Has any offer been made to acquire a significant interest in Namoi equity or propose a control transaction, enter into a scheme of arrangement with Namoi or acquire any material asset of Namoi?		
21 Has there been any proposal to change Namoi's auditor?		
22 Has there been a change in accounting policy adopted by Namoi?		

Signed – Company Secretary

Annexure A – Materiality Guidelines & Reporting Process

Item 1 – Materiality Guidelines

The notes to the ASX Listing Rule 3.1 list the following examples of information which, if material must be disclosed to the ASX:

1. A transaction that will lead to a significant change in the nature and scale of the entity's activities;
2. A material acquisition or disposal;
3. The granting of or withdrawal of a material license;
4. The entry into or variation or termination of a material agreement;
5. Becoming a plaintiff or defendant in a material case;
6. The appointment of a receiver, administrator or liquidator;
7. The commission of an event of default under, or other event entitling a financier to terminate a material financing facility;
8. Subscriptions in relation to a fundraising (i.e. over subscriptions or under-subscriptions);
9. fundraisings or cancellations of fundraisings;
10. change to the Company's constitution;
11. giving or receiving a notice of intention to make a takeover;
12. the Company's earnings will be materially different from market expectations ASX Guidance note suggest that a variation in excess of 10% may be considered material.

Other items listed in clause 2.2 of this policy may potentially be material depending on the facts and circumstances.

Reasonable Question to ask:

Q1 – Would this influence my decision to buy or sell the Company's securities at their current market price?

Q2 – Would I feel exposed to an action of insider trader I were to buy or sell securities in the Company at their current market price, knowing the information was not in the market?

If answer is yes then the information may be market sensitive and consideration for release needs to be given by the Board and should be disclosed, unless an exception applies

Item 2 – Reporting Process

1. Information comes to the attention of a Director or Employee that the recipient considers that may be possibly materially market sensitive.
2. The information is brought to the attention of the Company Secretary.
3. The Company Secretary assesses the information and also provides a copy to the Board and the Disclosure Committee during assessment.
4. If the Company Secretary, assesses the information and considers the information to be materially price sensitive, the Company Secretary will inform the Disclosure Committee and the Board.
5. The Company's Disclosure Committee and the Board will meet to make a decision whether disclosure on the matter is required.
6. If the information is to be disclosed, the Company Secretary will liaise with the ASX concerning the release and proceed to the disclosure accordingly.