Constitution

Namoi Cotton Limited (ACN [▪]) ("**Company**")

A public company limited by shares

Adopted on

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1 Interpretation

1.1 Definitions

In this Constitution, unless the contrary intention appears:

Associate has the same meaning as in Division 2 of Part 1.2 of the Corporations Act as that Division applies to references in Chapter 6 of the Corporations Act.

ASX means ASX Limited or Australian Securities Exchange as appropriate.

Committee means a committee of Directors constituted under article 13.6.

Company means Namoi Cotton Limited (ACN [▪]), as that name may be changed from time to time.

Constitution means this constitution, and a reference to an article is a reference to an article of this constitution.

Corporations Act means the *Corporations Act 2001* (Cth).

CS Facility has the same meaning as prescribed CS facility in the Corporations Act.

CS Facility Operator means the operator of a CS Facility.

Director means a person holding office as a director of the Company.

Directors means all or some of the Directors acting as a board.

Executive Director means a person appointed as an executive director under article 13.8.

Grower Director means a Director who was nominated for election in accordance with article 12.6 and who was subsequently elected as a Grower Director.

Grower Director Representation Rule has the meaning given by article 11.3.

Issuer Sponsored Holding means a holding on an electronic sub-register maintained by the Company in accordance with the Listing Rules.

Listing Rules means the Listing Rules of ASX and any other rules of ASX which are applicable to the Company while the Company is admitted to the official list of ASX, each as amended or replaced from time to time, except to the extent of any express written waiver by ASX.

Managing Director means a person appointed as a managing director under article 13.8.

Member means a person entered in the Register as a holder of shares in the capital of the Company.

Operating Rules means the operating rules of a CS Facility regulating the settlement, clearing and registration of uncertificated shares as amended, varied or waived (whether in respect of the Company or generally) from time to time.

Prescribed Interest Rate means the rate determined by the Directors for the purpose of this Constitution, and in the absence of a determination means 10% per annum.

Register means the register of Members of the Company under the Corporations Act and, if appropriate, includes a branch register.

Registered Office means the registered office of the Company.

Relevant Interest has the same meaning as in section 9 of the Corporations Act.

Representative means a person appointed to represent a corporate Member at a general meeting of the Company in accordance with the Corporations Act.

Residual Capital Stock means an interest in the capital (but not the share capital) of the Company having the rights set out in this Constitution.

Restriction Agreement means a restriction agreement in a form set out in the Listing Rules or otherwise approved by ASX.

Secretary means a person appointed under article 15.1 as a secretary of the Company and where appropriate includes an acting secretary and a person appointed by the Directors to perform all or any of the duties of a secretary of the Company.

Shareholding Limit has the meaning given in article 3.2(a).

1.2 Interpretation

Headings are for convenience only and do not affect interpretation. Unless the contrary intention appears, in this Constitution:

(a) the singular includes the plural and vice versa;

(b) words importing any gender include all other genders;

(c) a reference to a document includes any variation or replacement of it;

(d) the meaning of general words is not limited by specific examples introduced by “including”, “for example”, “such as” or similar expressions;

(e) a reference to “**person**” includes an individual, a body corporate, a partnership, a joint venture, an unincorporated association and an authority or any other entity or organisation;

(f) a reference to dollars, $ or A$ is a reference to the currency of Australia;

(g) a reference to “**law**” includes common law, principles of equity and legislation (including regulations);

(h) a reference to any legislation includes regulations under it and any consolidations, amendments, re-enactments or replacement of any of them;

(i) a reference to “**regulations”** includes instruments of a legislative character under legislation (such as regulations, rules, by-laws, ordinances and proclamations);

(j) a reference to a group of persons is a reference to any 2 or more of them jointly and to each of them individually;

(k) a power, an authority or a discretion given to a Director, the Directors, the Company in general meeting or a Member may be exercised at any time and from time to time;

(l) a reference to “**writing**” or “**written**” includes printing, typing and other modes of reproducing words in a visible form including any representation of words in a physical document or in an electronic communication or form or otherwise;

(m) a chairman appointed under this Constitution may be referred to as a chairperson, chairwoman or as chair, as appropriate; and

(n) a reference to a person being “**present**” at a meeting includes participating using technology approved by the Directors in accordance with this Constitution.

1.3 Corporations Act

In this Constitution unless the contrary intention appears:

(a) a word or expression defined or used in the Corporations Act has the same meaning when used in this Constitution in a similar context; and

(b) “section” means a section of the Corporations Act.

1.4 Listing Rules interpretation

In this Constitution, unless the contrary intention appears the expressions “Trading Platform”, “takeover bid” and “Issuer Sponsored subregister” have the same meaning as in the Listing Rules.

1.5 Replaceable rules not to apply

The provisions of the Corporations Act that apply as replaceable rules are displaced by this Constitution and do not apply to the Company.

1.6 Currency

The Directors may:

(a) differentiate between Members as to the currency in which any amount payable to a Member is paid (whether by way of or on account of dividends, repayment of capital, participation in surplus property of the Company or otherwise);

(b) determine to pay a distribution in a currency other than Australian dollars and the amount payable will be converted from Australian dollars in any manner, at any time and at any exchange rate as the Directors think fit; and

(c) in deciding the currency in which a payment is to be made to a Member, have regard to the registered address of the Member, the register on which a Member's shares are registered and any other matters as the Directors consider appropriate.

Payment in another currency of an amount converted under this article is as between the Company and a Member adequate and proper payment of the amount payable.

1.7 Application of Listing Rules

In this Constitution, a reference to the Listing Rules only applies while the Company is on the official list of ASX.

While the Company is on the official list of ASX:

(a) despite anything contained in this Constitution, if the Listing Rules prohibit an act being done, the act must not be done;

(b) nothing contained in this Constitution prevents an act being done that the Listing Rules require to be done;

(c) if the Listing Rules require an act to be done or not to be done, authority is given for that act to be done or not to be done as the case may be;

(d) if the Listing Rules require this Constitution to contain a provision and it does not contain such a provision, this Constitution is taken to contain that provision;

(e) if the Listing Rules require this Constitution not to contain a provision and it contains such a provision, this Constitution is taken not to contain that provision; and

(f) if any provision of this Constitution is or becomes inconsistent with the Listing Rules, this Constitution is taken not to contain that provision to the extent of the inconsistency.

2 Share capital

2.1 Directors to issue shares

The issue of shares in the Company is under the control of the Directors who may:

(a) issue, allot and cancel or otherwise dispose of shares in the Company;

(b) grant options over unissued shares in the Company; and

(c) settle the manner in which fractions of a share, however arising, are to be dealt with,

subject to the Corporations Act, the Listing Rules and any special rights conferred on the holders of any shares or class of shares.

2.2 Preference shares

The Company may issue preference shares and issued shares may be converted into preference shares provided that the rights of the holders of the preference shares with respect to the repayment of capital, participation in surplus assets and profits, cumulative or non-cumulative dividends, voting and priority of payment of capital and dividends in relation to other shares or other classes of preference shares are:

(a) as set out in schedule 1; or

(b) as approved by a resolution of the Company in accordance with the Corporations Act.

The rights of holders of preference shares issued by the Company other than pursuant to schedule 1, but in accordance with the Corporations Act, are determined by the terms of issue of those preference shares and the relevant resolution of the Company, and are not determined by or affected by the rights set out in schedule 1.

Subject to the Corporations Act and the Listing Rules, the Company may issue preference shares which are, or are at the option of the Company to be liable, to be redeemed or to be converted into other shares on such conditions and in such a manner as the Directors decide under the terms of issue of the preference shares.

Subject to the Corporations Act and the Listing Rules, the Company may issue any combination of fully paid, partly paid or unpaid preference shares.

Despite this article 2.2 and schedule 1, the Company may not issue a preference share that confers on the holder rights that are inconsistent with those specified in the Listing Rules, except to the extent of any waiver or modification of the Listing Rules by ASX.

2.3 Class meetings

The provisions of this Constitution relating to general meetings apply so far as they are capable of application and with any necessary changes to every separate meeting of the holders of a class of shares except that:

(a) a quorum is constituted by at least 2 persons who, between them, hold or represent one-third of the issued shares of the class (unless only one person holds all of the shares of the class, in which case that person constitutes a quorum); and

(b) any holder of shares of the class, present in person or by proxy, or attorney or Representative, may demand a poll.

2.4 Non-recognition of interests

Except as required by law, the Company is not required to recognise:

(a) a person as holding a share on any trust; or

(b) any other interest in any share or any other right in respect of a share except an absolute right of ownership in the registered holder,

whether or not it has notice of the trust, interest or right.

2.5 Joint holders of shares

Where 2 or more persons are registered as the joint holders of shares then they are taken to hold the shares as joint tenants with rights of survivorship. However, the Company is not bound:

(a) to register more than 3 persons as joint holders of a share; or

(b) to issue more than one certificate or holding statement for shares jointly held.

2A Residual Capital Stock

Upon the Company becoming registered pursuant to the Corporations Act the Namoi Capital Stock issued by the Company pursuant to the Co-operatives National Law were varied to become Residual Capital Stock. The rights of the holders of Residual Capital Stock are as set out in schedule 2.

3 Shareholding Limit

3.1 Certain defined terms

For the purposes of this article, the following terms have the following meaning:

Designated Member means a Member in respect of whom the Directors have given a notice in accordance with article 3.3(c).

Sale Consideration means the aggregate price received (net of reasonable transaction costs and expenses, including applicable brokerage, stamp duty and other taxes or charges incurred by the Company or the Sale Nominee as a result of either the transfer of the Sale Shares to the Sale Nominee or the sale of the Sale Shares by the Sale Nominee, respectively) for the Sale Shares sold pursuant to the Sale Facility by the Sale Nominee in respect of a Designated Member.

Sale Facility means the arrangement under which a Designated Member is required to transfer their shares to the Sale Nominee on the basis that the Sale Nominee is entered in the Register in respect of those Sale Shares, and will sell the Sale Shares for cash to pay the Sale Consideration to the relevant Designated Member.

Sale Nominee means a financial services licensee appointed by the Company to carry out the role described in article 3.3.

Sale Shares has the meaning given in article 3.3(c).

Shareholding Limit has the meaning given in article 3.2(a).

3.2 Shareholding Limit

(a) A person and the person's Associates must not, in aggregate, have a Relevant Interest in more than 20% of the ordinary shares on issue in the Company (the "**Shareholding Limit**").

(b) The Shareholding Limit specified in article 3.2(a) will apply from the date of adoption of this Constitution and may be only varied if the Shareholding Limit ceases to apply in accordance with article 3.6.

3.3 Breach of Shareholding Limit

(a) If the Relevant Interest of a Member and that Member's Associates in shares exceeds the Shareholding Limit all rights of the Member relating to shares are suspended (including, without limitation, voting rights, dividend rights and rights in a winding up) in respect of the shares held by that Member in excess of the Shareholding Limit held by that Member.

(b) The Directors must by notice to the relevant Member advise the Member that if the Member fails to dispose of such shares to rectify the breach of the Shareholding Limit within 14 days of notice from the Company requiring the breach to be rectified (the last day of such period being referred to in this article 3 as the "**Disposal Date**"), that the Directors will procure the disposal of such shares in accordance with paragraph(c).

(c) If the requirements of a notice given under paragraph (b) to a Member are not complied with by the Disposal Date, the Directors must register transfers to the Sale Nominee of such number of shares as will ensure that after the transfer to the Sale Nominee the holder is not then in breach of the Shareholding Limit and must as soon as practicable after the transfer to the Sale Nominee notify the Member of the number of shares transferred (the "**Sale Shares**").

(d) In effecting a transfer under paragraph (c):

(i) each Member from whom Sale Shares are to be transferred to the Sale Nominee appoints the Company and each of the Directors jointly and severally as its attorney in its name and on its behalf to execute any documents and implement any procedures as may be required to procure the transfer of the Sale Shares on behalf of the holder to the Sale Nominee; and

(ii) the title of the Sale Nominee to any Sale Shares so transferred is not affected by any irregularity or invalidity in connection with the transfer of the Sale Shares to the Sale Nominee including, without limitation, the absence of any share certificate.

(e) As soon as is reasonably practicable after the Sale Shares are transferred to the Sale Nominee in accordance with paragraph (c), the Sale Nominee must sell the Sale Shares in such manner, at such prices and at such times as the Sale Nominee sees fit and determines (acting reasonably and in good faith) with the objectives of:

(i) achieving the best price for the Sale Shares that is reasonably obtainable at the time of the relevant sale; and

(ii) ensuring all sales of the Sale Shares are effected on ASX in the ordinary course of trading,

and none of the Directors, Company or Sale Nominee shall be required to warrant that any particular (relative or absolute) sale price in respect of the Sale Shares will be achieved.

(f) As soon as practicable after the sale of Sale Shares, the Sale Nominee must:

(i) pay to the Company (from the proceeds of the sale of the Sale Shares) an amount specified by the Directors as being equal to the reasonable transaction costs and expenses (including applicable brokerage, stamp duty and other taxes or charges) incurred by the Company as a result of the transfer of the Sale Shares to the Sale Nominee; and

(ii) pay the Sale Consideration to the relevant Designated Member.

The Sale Nominee may retain from the proceeds of the sale of the Sale Shares an amount equal to its reasonable transaction costs (including applicable brokerage, stamp duty and other taxes and charges) incurred by the Sale Nomine as a result of the sale of the Sale Shares.

The net amount payable to the relevant Designated Member may be paid by cheque posted to the relevant address appearing in the Register immediately before the transfer of the Sale Shares to the Sale Nominee.

(g) In effecting a sale under paragraph (e) the Sale Nominee may arrange to sell shares either all together or in a number of parcels, immediately or over a period of time, in such manner and on such terms as the Sale Nominee in its absolute discretion determines.

(h) Nothing in this article 3 shall be taken to limit the right of the Company to exercise any other power or remedy that may be open to the Company where the Directors are of the opinion that there has been a contravention of the Corporations Act, the limitations in this article 3 or any other law.

3.4 Associated rights of the Company

A Member who is paid a dividend or other distribution to which the Member is not entitled under article 3.3(a), must refund that dividend or distribution to the Company promptly upon receipt of written notice from the Company requiring the amount to be refunded. The Company has a first and paramount lien on any shares that are held in excess of the Shareholding Limit on which the dividend or distribution was paid and may enforce that lien in the manner specified in this Constitution as if the amount repayable to the Company were an amount unpaid on those shares.

3.5 Review date

(a) The Company must seek the approval of Members, by special resolution, to the continuation of the Shareholding Limit at the 2021 annual general meeting of the Company.

(b) If the continuation of the Shareholding Limit is approved by Members by special resolution under article 3.5(a), the Company must seek the approval of Members, by special resolution, to the continuation of the Shareholding Limit at the 2025 annual general meeting of the Company.

(c) If the continuation of the Shareholding Limit is approved by Members by special resolution under article 3.5(b), the Company must subsequently seek the approval of Members, by special resolution, to the continuation of the Shareholding Limit at each annual general meeting of the Company thereafter.

3.6 Removal of Shareholding Limit

The Shareholding Limit and the provisions of this article 3 will cease to apply if:

(a) the continuation of the Shareholding Limit is not approved by special resolution in accordance with article 3.5; or

(b) the Company's main undertaking ceases to be a cotton processing business.

4 Lien

4.1 Lien on share

To the extent permitted by law, the Company has a first and paramount lien on every share for:

(a) all due and unpaid calls and instalments in respect of that share;

(b) all money which the Company is required by law to pay, and has paid, in respect of that share;

(c) reasonable interest on the amount due from the date it becomes due until payment; and

(d) reasonable expenses of the Company in respect of the default on payment.

4.2 Lien on loans under employee incentive schemes

The Company also has a first and paramount lien on each share registered in the name of the Member for all money payable to the Company by the Member under loans made under an employee incentive scheme.

4.3 Lien on distributions

A lien on a share under article 4.1 or 4.2 extends to all distributions for that share, including dividends.

4.4 Exemption from article 4.1 or 4.2

The Directors may at any time exempt a share wholly or in part from the provisions of article 4.1 or 4.2.

4.5 Extinguishment of lien

The Company's lien on a share is extinguished if a transfer of the share is registered without the Company giving notice of the lien to the transferee.

4.6 Company's rights to recover payments

A Member must reimburse the Company on demand in writing for all payments the Company makes to a government or taxing authority in respect of the Member, the death of a Member or the Member's shares or any distributions on the Member's shares, including dividends, where the Company is either:

(a) required by law to make the relevant payment; or

(b) advised by a lawyer qualified to practice in the jurisdiction of the relevant government or taxing authority that the Company is required by law to make the relevant payment.

The Company is not obliged to advise the Member in advance of its intention to make the payment.

4.7 Reimbursement is a debt due

The obligation of the Member to reimburse the Company is a debt due to the Company as if it were a call on all the Member's shares, duly made at the time when the written demand for reimbursement is given by the Company to the Member. The provisions of this Constitution relating to non-payment of calls, including payment of interest and sale of the Member's shares under lien, apply to the debt.

4.8 Sale under lien

Subject to article 4.9, the Company may sell, in any manner the Directors think fit, any share on which the Company has a lien.

4.9 Limitations on sale under lien

A share on which the Company has a lien may not be sold by the Company unless:

(a) an amount in respect of which the lien exists is presently payable; and

(b) the Company has, not less than 14 days before the date of sale, given to the registered holder of the share or the person entitled to the share by reason of the death or bankruptcy of the registered holder, a notice setting out, and demanding payment of, the amount which is presently payable in respect of which the lien exists.

4.10 Transfer on sale under lien

For the purpose of giving effect to a sale under article 4.8, the Company may receive the consideration, if any, given for the share so sold and may execute a transfer of the share sold in favour of the purchaser of the share, or do all such other things as may be necessary or appropriate for it to do to effect the transfer. The purchaser is not bound to see to the application of the purchase money.

4.11 Irregularity or invalidity

The title of the purchaser to the share is not affected by any irregularity or invalidity in connection with the sale of the share under article 4.8.

4.12 Proceeds of sale

The proceeds of a sale under article 4.8 must be applied by the Company in payment of the amount in respect of which the lien exists as is presently payable, and the residue, if any, must be paid to the person entitled to the share immediately before the sale.

5 Calls on shares

5.1 Directors to make calls

The Directors may:

(a) make calls on a Member in respect of any money unpaid on the shares of that Member, if the money is not by the terms of issue of those shares made payable at fixed times;

(b) make a call payable by instalments; and

(c) revoke or postpone a call.

5.2 Time of call

A call is taken to be made at the time when the resolution of the Directors authorising the call is passed.

5.3 Members' liability

On receiving not less than 30 business days' notice specifying the time or times and place of payment, each Member must pay to the Company by the time or times, and at the place, specified in the notice the amount called on that Member's shares.

5.4 Joint holders' liability

The joint holders of a share are jointly and individually liable to pay all calls in respect of the share.

5.5 Non-receipt of notice

The non-receipt of a notice of any call by, or the accidental omission to give notice of a call to, a Member does not invalidate the call.

5.6 Interest on default

If a sum called in respect of a share is not paid before or on the day appointed for payment of the sum, the person from whom the sum is due must pay interest on the sum from the day it is due to the time of actual payment at the Prescribed Interest Rate.

5.7 Fixed instalments

Subject to any notice requirements under the Listing Rules, if the terms of a share make a sum payable on issue of the share or at a fixed date, this is taken to be a call duly made and payable on the date on which by the terms of issue the sum becomes payable. In the case of non-payment, all the relevant provisions of this Constitution as to payment of interest and expenses, forfeiture or otherwise apply as if the sum had become payable by virtue of a call duly made and notified.

5.8 Differentiation between holders as to calls

The Directors may, on the issue of shares, differentiate between the holders of the shares as to the amount of calls to be paid and the times of payment.

5.9 Prepayment of calls and interest

The Directors may:

(a) accept from a Member the whole or a part of the amount unpaid on a share even if no part of that amount has been called; and

(b) authorise payment by the Company of interest on the whole or any part of an amount so accepted, until the amount becomes payable, at such rate, not exceeding the Prescribed Interest Rate, as is agreed between the Directors and the Member paying the sum.

6 Forfeiture of shares

6.1 Notice requiring payment of call

If a Member fails to pay a call, or instalment of a call, on the day appointed for payment of the call or instalment, the Directors may, at any time afterwards during such time as any part of the call or instalment remains unpaid, give a notice to the Member requiring payment of so much of the call or instalment as is unpaid, together with any interest that has accrued and all costs and expenses that may have been incurred by the Company by reason of that non-payment.

6.2 Contents of notice

The notice must name a further day, which is at least 14 days from the date of service of the notice, on or before which the payment required by the notice is to be made and must state that, in the event of non-payment at or before the time appointed, the shares in respect of which the call was made will be liable to be forfeited.

6.3 Forfeiture for failure to comply with notice

If a notice under article 6.1 has not been complied with by the date specified in the notice, the Directors may by resolution forfeit the relevant shares, at any time before the payment required by the notice has been made.

6.4 Dividends and distributions included in forfeiture

A forfeiture under article 6.3 includes all dividends and other distributions to be made in respect of the forfeited shares which have not been paid or distributed before the forfeiture.

6.5 Sale or re-issue of forfeited shares

Subject to the Corporations Act, a share forfeited under article 6.3 may be sold, re-issued or otherwise disposed of to such person and on such terms as the Directors think fit.

6.6 Notice of forfeiture

If any share is forfeited under article 6.3, notice of the forfeiture must be given to the Member holding the share immediately before the forfeiture and an entry of the forfeiture and its date must be made in the Register. Any failure to give notice or enter the forfeiture in the Register does not invalidate the forfeiture.

6.7 Surrender instead of forfeiture

The Directors may accept the surrender of any share which they are entitled to forfeit on any terms they think fit and any share so surrendered is taken to be a forfeited share.

6.8 Cancellation of forfeiture

At any time before a sale, re-issue or disposal of a share under article 6.5, the forfeiture of that share may be cancelled on such terms as the Directors think fit.

6.9 Effect of forfeiture on former holder's liability

A person whose shares have been forfeited:

(a) ceases to be a Member in respect of the forfeited shares; and

(b) remains liable to pay the Company all money that, at the date of forfeiture, was payable by that person to the Company in respect of the shares, plus interest at the Prescribed Interest Rate from the date of forfeiture and the reasonable expenses of the sale of the shares, until the Company receives payment in full of all money (including interest and expenses) so payable in respect of the shares.

6.10 Evidence of forfeiture

A written statement declaring that the person making the statement is a Director or a Secretary, and that a share has been forfeited in accordance with this Constitution on the date declared in the statement, is evidence of the facts in the statement as against all persons claiming to be entitled to the share.

6.11 Transfer of forfeited share

The Company may receive any consideration given for a forfeited share on any sale, re-issue or disposal of the share under article 6.5 and may execute or effect a transfer of the share in favour of the person to whom the share is sold, re-issued or disposed.

6.12 Registration of transferee

On the execution of the transfer, the transferee must be registered as the holder of the share and is not bound to see to the application of any money paid as consideration.

6.13 Irregularity or invalidity

The title of the transferee to the share is not affected by any irregularity or invalidity in connection with the forfeiture, sale, re-issue or disposal of the share.

7 Transfer of shares

7.1 Forms of instrument of transfer

Subject to this Constitution and the Listing Rules, a share in the Company is transferable:

(a) as provided by the Operating Rules of a CS Facility if applicable; or

(b) by any other method of transfer which is required or permitted by the Corporations Act and ASX.

7.2 Execution and delivery of transfer

If a duly completed instrument of transfer:

(a) is used to transfer a share in accordance with article 7.1(b); and

(b) is left for registration at the share registry of the Company, accompanied by any information that the Directors properly require to show the right of the transferor to make the transfer,

the Company must, subject to the powers vested in the Directors by this Constitution, register the transferee as the holder of the share.

7.3 Effect of registration

Except as provided by any applicable Operating Rules of a CS Facility, a transferor of a share remains the holder of the share transferred until the transfer is registered and the name of the transferee is entered in the Register in respect of the share.

7.4 Company to register forms without charge

The Company must register all registrable transfer forms, split certificates, renunciations and transfers, issue certificates and transmission receipts and mark or note transfer forms without imposing a charge except where a charge is permitted by the Listing Rules.

7.5 Power to refuse to register

If permitted by the Listing Rules, the Directors may:

(a) request any applicable CS Facility Operator to apply a holding lock to prevent a transfer of shares in the Company from being registered on the CS Facility's subregister; or

(b) refuse to register a transfer of shares in the Company to which paragraph (a) does not apply.

7.6 Obligation to refuse to register

The Directors must:

(a) request any applicable CS Facility Operator to apply a holding lock to prevent transfer of shares in the Company from being registered on the CS Facility's subregister; or

(b) refuse to register any transfer of shares in the Company to which paragraph (a) does not apply,

if:

(c) the Listing Rules require the Company to do so; or

(d) the transfer is in breach of the Listing Rules or a Restriction Agreement.

7.7 Written notice to security holder of holding lock or refusal

If in the exercise of their rights under articles 7.5 and 7.6 the Directors request application of a holding lock to prevent a transfer of shares in the Company or refuse to register a transfer of shares they must give written notice of the request or refusal to the holder of the shares, the transferee and any broker lodging the transfer. Failure to give notice does not invalidate the decision of the Directors.

7.8 Company to retain instrument of transfer

The Company must retain every instrument of transfer which is registered for the period required by any applicable law.

8 Transmission of shares

8.1 Transmission of shares on death

If a Member who does not hold shares jointly dies, the Company will recognise only the personal representative of the Member as being entitled to the Member's interest in the shares.

8.2 Information given by personal representative

If the personal representative of the member who has died gives the Directors the information they reasonably require to establish the representative's entitlement to be registered as a holder of the shares:

(a) the personal representative may:

(i) by giving a signed notice to the Company, elect to be registered as the holder of the shares; or

(ii) by giving a completed transfer form to the Company, transfer the shares to another person; and

(b) the personal representative is entitled, whether or not registered as the holder of the shares, to the same rights as the Member.

On receiving an election under article 8.2(a)(i), the Company must register the personal representative as the holder of the shares.

A transfer under article 8.2(a)(ii) is subject to the articles that apply to transfers generally.

8.3 Death of joint owner

If a Member who holds shares jointly dies, the Company will recognise only the survivor as being entitled to the Member's interest in the shares. The estate of the Member is not released from any liability in respect of the shares.

8.4 Transmission of shares on bankruptcy

If a person entitled to shares because of the bankruptcy of a Member gives the Directors the information they reasonably require to establish the person's entitlement to be registered as the holder of the shares, the person may:

(a) by giving a signed notice to the Company, elect to be registered as the holder of the shares; or

(b) by giving a completed transfer form to the Company, transfer the shares to another person.

On receiving an election under article 8.4(a), the Company must register the person as the holder of the shares.

A transfer under article 8.4(b)is subject to the articles that apply to transfers generally.

This article has effect subject to the *Bankruptcy Act 1966* (Cth).

8.5 Transmission of shares on mental incapacity

If a person entitled to shares because of the mental incapacity of a Member gives the Directors the information they reasonably require to establish the person's entitlement to be registered as the holder of the shares:

(a) the person may:

(i) by giving a signed notice to the Company, elect to be registered as the holder of the shares; or

(ii) by giving a completed transfer form to the Company, transfer the shares to another person; and

(b) the person is entitled, whether or not registered as the holder of the shares, to the same rights as the Member.

On receiving an election under article 8.5(a)(i), the Company must register the person as the holder of the shares.

A transfer under article 8.5(a)(ii) is subject to the articles that apply to transfers generally.

9 General meetings

9.1 Annual general meeting

Annual general meetings of the Company are to be held in accordance with the Corporations Act.

9.2 Convening a general meeting

The Directors may convene and arrange to hold a general meeting of the Company whenever they think fit and must do so if required to do so under the Corporations Act.

9.3 Use of technology at general meetings

The Company may hold a meeting of Members at 2 or more venues using any technology that gives the Members as a whole a reasonable opportunity to participate.

9.4 Notice of general meeting

Notice of a general meeting must be given in accordance with article 20, the Corporations Act and the Listing Rules.

9.5 Calculation of period of notice

In computing the period of notice under article 9.4, both the day on which the last notice to Members is given or taken to be given and the day of the meeting convened by it are to be disregarded.

9.6 Cancellation or postponement of a meeting

Where a general meeting (including an annual general meeting) is convened by the Directors they may by notice, whenever they think fit, cancel the meeting or postpone the holding of the meeting to a date and time determined by them or change the place for the meeting.

This article 9.6 does not apply to a meeting convened in accordance with the Corporations Act by a single Director, by Members, by the Directors on the request of Members or to a meeting convened by a court.

9.7 Notice of cancellation or postponement of a meeting

Notice of cancellation or postponement or change of place of a general meeting must state the reason for cancellation or postponement and be:

(a) published in a daily newspaper circulating in Australia;

(b) given to ASX; or

(c) subject to the Corporations Act and the Listing Rules, given in any other manner determined by the Directors.

9.8 Contents of notice of postponement of meeting

A notice of postponement of a general meeting must specify:

(a) the postponed date and time for the holding of the meeting;

(b) a place for the holding of the meeting which may be either the same as or different from the place specified in the notice convening the meeting; and

(c) if the meeting is to be held in 2 or more places, the technology that will be used to facilitate the holding of the meeting in that manner.

9.9 Number of clear days for postponement of meeting

The number of clear days from the giving of a notice postponing the holding of a general meeting to the date specified in that notice for the holding of the postponed meeting must not be less than the number of clear days' notice of the general meeting required to be given by this Constitution or the Corporations Act.

9.10 Business at postponed meeting

The only business that may be transacted at a postponed general meeting is the business specified in the original notice convening the meeting.

9.11 Proxy, attorney or Representative at postponed meeting

Where by the terms of an instrument appointing a proxy or attorney or an appointment of a Representative:

(a) the appointed person is authorised to attend and vote at a general meeting or general meetings to be held on or before a specified date; and

(b) the date for holding the meeting is postponed to a date later than the date specified in the instrument of proxy, power of attorney or appointment of Representative,

then, that later date is substituted for and applies to the exclusion of the date specified in the instrument of proxy, power of attorney or appointment of Representative unless the Member appointing the proxy, attorney or Representative gives to the Company at its Registered Office written notice to the contrary not less than 48 hours before the time to which the holding of the meeting has been postponed.

9.12 Non-receipt of notice

The non-receipt of notice of a general meeting or cancellation or postponement of a general meeting by, or the accidental omission to give notice of a general meeting or cancellation or postponement of a general meeting to, a person entitled to receive notice does not invalidate any resolution passed at the general meeting or at a postponed meeting or the cancellation or postponement of a meeting.

9.13 Director entitled to notice of meeting

A Director is entitled to receive notice of and to attend all general meetings and all separate meetings of the holders of any class of shares in the capital of the Company and is entitled to speak at those meetings.

10 Proceedings at general meetings

10.1 Membership at a specified time

The Directors may determine, for the purposes of a particular general meeting, that all the shares that are quoted on ASX at a specified time before the meeting are taken to be held at the time of the meeting by the persons who hold them at the specified time. The determination must be made and published in accordance with the Corporations Act.

10.2 Number for a quorum

Subject to article 10.5, ten Members present in person or by proxy, attorney or Representative are a quorum at a general meeting. In determining whether a quorum is present, each individual attending as a proxy, attorney or Representative is to be counted, except that:

(a) where a Member has appointed more than one proxy, attorney or Representative, only one is to be counted; and

(b) where an individual is attending both as a Member and as a proxy, attorney or Representative, that individual is to be counted only once.

A member placing a direct vote under article 10.24 is not taken into account in determining whether or not there is a quorum at a general meeting.

10.3 Requirement for a quorum

An item of business may not be transacted at a general meeting unless a quorum is present when the meeting proceeds to consider it. If a quorum is present at the time the first item of business is transacted, it is taken to be present when the meeting proceeds to consider each subsequent item of business unless the chairman of the meeting (on the chairman's own motion or at the request of a Member, proxy, attorney or Representative who is present) declares otherwise.

10.4 If quorum not present

If within 15 minutes after the time appointed for a meeting a quorum is not present, the meeting:

(a) if convened by a Director, or at the request of Members, is dissolved; and

(b) in any other case, stands adjourned to the same day in the next week and the same time and place, or to such other day, time and place as the Directors appoint by notice to the Members and others entitled to notice of the meeting.

10.5 Adjourned meeting

At a meeting adjourned under article 10.4(b), ten persons each being a Member, proxy, attorney or Representative present at the meeting are a quorum. If a quorum is not present within 15 minutes after the time appointed for the adjourned meeting, the meeting is dissolved.

10.6 Appointment of chairman of general meeting

If the Directors have elected one of their number as chairman of their meetings, that person is entitled to preside as chairman at a general meeting.

10.7 Absence of chairman at general meeting

If a general meeting is held and:

(a) a chairman has not been elected by the Directors; or

(b) the elected chairman is not present within 15 minutes after the time appointed for the holding of the meeting or is unable or unwilling to act,

the following may preside as chairman of the meeting (in order of precedence):

(c) any deputy chairman;

(d) a Director chosen by a majority of the Directors present;

(e) the only Director present; or

(f) a Member chosen by a majority of the Members present in person or by proxy, attorney or Representative.

10.8 Conduct of general meetings

The chairman of a general meeting:

(a) has charge of the general conduct of the meeting and the procedures to be adopted at the meeting;

(b) may require the adoption of any procedure which is in the chairman's opinion necessary or desirable for proper and orderly debate or discussion and the proper and orderly casting or recording of votes at the general meeting; and

(c) may, having regard where necessary to the Corporations Act, terminate discussion or debate on any matter whenever the chairman considers it necessary or desirable for the proper conduct of the meeting,

and a decision by the chairman under this article is final.

10.9 Adjournment of general meeting

The chairman of a general meeting may at any time during the meeting adjourn the meeting or any business, motion, question, resolution, debate or discussion being considered or remaining to be considered by the meeting either to a later time at the same meeting or to an adjourned meeting at any time and place, but:

(a) in exercising the discretion to do so, the chairman may, but need not, seek the approval of the Members present in person or by proxy, attorney or Representative; and

(b) only unfinished business is to be transacted at a meeting resumed after an adjournment.

Unless required by the chairman, a vote may not be taken or demanded by the Members present in person or by proxy, attorney or Representative in respect of any adjournment.

10.10 Notice of adjourned meeting

It is not necessary to give any notice of an adjournment or of the business to be transacted at any adjourned meeting unless a meeting is adjourned for one month or more. In that case, notice of the adjourned meeting must be given as in the case of an original meeting.

10.11 Questions decided by majority

Subject to the requirements of the Corporations Act, a resolution is taken to be carried if a simple majority of the votes cast on the resolution are in favour of it.

10.12 No casting vote for chairman

If there is an equality of votes, either on a show of hands or on a poll, the chairman of the general meeting is not entitled to a casting vote, in addition to any votes to which the chairman is entitled as a Member or proxy or attorney or Representative.

10.13 Voting on show of hands

Subject to any rules prescribed by the Directors pursuant to article 10.22, at any general meeting a resolution put to the vote of the meeting must be decided on a show of hands unless a poll is effectively demanded and the demand is not withdrawn. A declaration by the chairman 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 containing the minutes of the proceedings of the Company, is conclusive evidence of the fact. Neither the chairman nor the minutes need state, and it is not necessary to prove, the number or proportion of the votes recorded in favour of or against the resolution.

10.14 Poll

If a poll is effectively demanded:

(a) it must be taken in the manner and at the date and time directed by the chairman and the result of the poll is a resolution of the meeting at which the poll was demanded;

(b) on the election of a chairman or on a question of adjournment, it must be taken immediately;

(c) the demand may be withdrawn; and

(d) the demand does not prevent the continuance of the meeting for the transaction of any business other than the question on which the poll has been demanded.

10.15 Entitlement to vote

Subject to this Constitution, the Corporations Act, article 10.24 and any rules prescribed by the Directors pursuant to article 10.22 and to any rights or restrictions for the time being attached to any class or classes of shares:

(a) on a show of hands, each Member present in person and each other person present as a proxy, attorney or Representative of a Member has one vote; and

(b) on a poll:

(i) each Member present in person has one vote for each fully paid share held by the Member; and

(ii) each person present as proxy, attorney or Representative of a Member has one vote for each fully paid share held by the Member that the person represents; and

(iii) each Member who has duly lodged a valid direct vote in respect of the relevant resolution under article 10.22 has one vote for each fully paid share held by the Member.

A Member is not entitled to vote at a general meeting in respect of shares which are the subject of a current Restriction Agreement for so long as any breach of that agreement subsists.

10.16 Voting on a poll for partly paid shares

Subject to article 10.19 and the terms on which shares are issued, if a Member holds partly paid shares, the number of votes the Member has in respect of those shares on a poll is determined as follows:

$$\frac{A \times B}{C} = D$$

where:

A is the number of those shares held by the Member;

B is the amount paid on each of those shares excluding any amount:

(a) paid or credited as paid in advance of a call; and

(b) credited as paid on those shares to the extent that it exceeds the value (ascertained at the time of issue of those shares) of the consideration received for the issue of those shares;

C is the issue price of each of those shares; and

D is the number of votes attached to those shares.

10.17 Fractions disregarded for a poll

On the application of article 10.16, any fraction which arises is to be disregarded.

10.18 Joint shareholders' vote

If a share is held jointly and more than one Member votes in respect of that share, only the vote of the Member whose name appears first in the Register counts.

10.19 Effect of unpaid call

A Member is not entitled at a general meeting to cast a vote attached to a share on which a call is due and payable and has not been paid.

10.20 Validity of vote in certain circumstances

Unless the Company has received written notice of the matter before the start or resumption of the meeting at which a person votes as a proxy, attorney or

Representative, a vote cast by that person is valid even if, before the person votes:

(a) the appointing Member dies;

(b) the Member is mentally incapacitated;

(c) the Member revokes the appointment or authority;

(d) the Member revokes the authority under which the appointment was made by a third party; or

(e) the Member transfers the share in respect of which the appointment or authority was given.

10.21 Objection to voting qualification

An objection to the right of a person to attend or vote at the meeting or adjourned meeting:

(a) may not be raised except at that meeting or adjourned meeting; and

(b) must be referred to the chairman of the meeting, whose decision is final.

A vote not disallowed under the objection is valid for all purposes.

10.22 Direct voting

The Directors may determine that at any general meeting or class meeting, a Member who is entitled to attend and vote on a resolution at that meeting is entitled to a direct vote in respect of that resolution. A "direct vote" includes a vote delivered to the Company by post, fax or other electronic means approved by Directors. The Directors may prescribe rules to govern direct voting including specifications as to the form, method and timing of giving the direct vote in order for the vote to be valid, and the treatment of direct votes.

10.23 Treatment of direct votes

A direct vote on a resolution at a meeting in respect of a share cast in accordance with article 10.22 is of no effect and will be disregarded:

(a) if, at the time of the resolution, the person who cast the direct vote:

  (i) is not entitled to vote on the resolution in respect of the share; or

  (ii) would not be entitled to vote on the resolution in respect of the share if the person were present at the meeting at which the resolution is considered;

(b) if, had the vote been cast in person at the meeting at which the resolution is considered:

  (i) the vote would not be valid; or

  (ii) the Company would be obliged to disregard the vote;

(c) subject to any rules prescribed by the Directors, if the person who cast the direct vote is present in person at the meeting at the time the resolution is considered; and

(d) if the direct vote was cast otherwise than in accordance with any regulations, rules and procedures prescribed by the Directors under article 10.22.

10.24 Multiple votes

Subject to any rules prescribed by the Directors, if the Company receives a valid direct vote on a resolution in accordance with article 10.22 and 10.23 and, prior to, after or at the same time as receipt of the direct vote, the Company receives an instrument appointing a proxy, attorney or Representative to vote on behalf of the same Member on that resolution, the Company may regard the direct vote as effective in respect of that resolution and disregard any vote cast by the proxy, attorney or Representative on the resolution at the meeting.

11 The Directors

11.1 Number of Directors

Unless otherwise determined by the Company in general meeting, the number of Directors is to be an even number that is not more than:

(a) a maximum number of 8;

(b) any lesser even number than 8 determined as the Board limit by the Directors in accordance with the Corporations Act and subject to article 11.2 (but the number must not be less than the number of Directors in office at the time the determination takes effect).

11.2 Change of number of Directors

Subject to the Corporations Act, the Company in general meeting may approve by ordinary resolution a Board limit proposed by the Directors to increase or reduce the number of Directors.

11.3 Grower Directors

At all times one-half of the total number of Directors must be Grower Directors (the "**Grower Director Representation Rule**") for so long as the Grower Director Representation Rule applies.

11.4 Retirement and election of Directors

(a) A Director must not hold office without re-election:

(i) past the third annual general meeting following the Director's appointment or last election; or

(ii) for more than 3 years,

whichever is the longer. For the purposes of this article a Director appointed prior to the adoption of this Constitution will be considered last elected when last elected to the Board of Namoi Cotton Co-operative Limited.

(b) There must be an election of Directors at each annual general meeting of the Company. This can be satisfied by one or more of the following, so long as the number of Directors determined in accordance with article 11.1 is not exceeded:

(i) a person standing for election as a new Director in accordance with articles 11.6 or 11.7;

(ii) any Director who was appointed under article 11.8 standing for election as a Director;

(iii) any Director who is retiring at the end of the annual general meeting due to the tenure limitation in article 11.4(a), standing for re-election; or

(iv) if no person or Director is standing for election or re-election in accordance with paragraphs (i), (ii) or (iii), then the Director who has been a Director the longest without re-election must retire and stand for re-election. If 2 or more Directors have been a Director the longest and an equal time without re-election, then in default of agreement, the Director to retire will be determined by ballot.

(c) This article does not apply to one Managing Director who is exempt from retirement and re-election in accordance with article 13.10.

11.5 Office held until conclusion of meeting

A retiring Director holds office until the conclusion of the meeting at which that Director retires but is eligible for re-election.

11.6 Director elected at general meeting

The Company may, at a general meeting at which a Director retires or otherwise vacates office, by resolution fill the vacated office by electing a person to that office.

11.7 Eligibility for election as Director

Except for:

(a) a person who is eligible for election or re-election under article 11.4 or 11.8; or

(b) a person recommended for election by the Directors,

a person is not eligible for election as a Director at a general meeting of the Company unless a consent to nomination signed by the person has been lodged at the Registered Office at least 45 business days before the meeting, but no more than 90 business days before the meeting.

In respect of Grower Directors, the requirements of this article 11.7 are in addition to the eligibility requirements set out in article 12.

11.8 Casual vacancy or additional Director

The Directors may at any time appoint any person to be a Director, either to fill a casual vacancy or as an addition to the existing Directors, provided the total number of Directors does not exceed the number specified in article 11.1 and provided the appointment satisfies the requirements of article 11.3.

A Director appointed under this article holds office until the conclusion of the next annual general meeting of the Company but is eligible for election at that meeting. This provision does not apply to one Managing Director nominated by the Directors under article 13.10.

In the event of a casual vacancy, the Directors must specify whether the casual vacancy to be filled is a Grower Director vacancy or not a Grower Director vacancy and must appoint a person to fill that casual vacancy within 6 months of the casual vacancy arising.

11.9 Remuneration of Directors

The Directors are to be remunerated for their services as Directors as follows:

(a) the amount of the remuneration of the Directors is a yearly sum not exceeding $850,000 or any higher sum from time to time determined by the Company in general meeting. The notice convening the meeting must include any proposal to increase the Directors' remuneration and specify both the amount of any increase and the new yearly sum proposed for determination;

(b) the amount of the remuneration of the Directors is to be divided among them in the proportion and manner they agree or, in default of agreement, among them equally;

(c) the remuneration is to be provided wholly in cash unless the Directors, with the agreement of the Director concerned, determine that part is to be satisfied in the form of non-cash benefits, including the issue or purchase of shares in the Company or the grant of options to subscribe for such shares. The sum determined by the Company in general meeting under article 11.9(a) does not include remuneration in the form of share, option or other equity plans approved separately by the Company in general meeting;

(d) in making a determination under paragraph (c), the Directors may fix the value of any non-cash benefit; and

(e) the Directors' remuneration accrues from day to day, except for any non-cash benefit which is taken to accrue at the time the benefit is provided, subject to the terms on which the benefit is provided.

This article does not apply to the remuneration of the Managing Director or any other Director appointed under article 13.8.

11.10 Superannuation contributions

If required by law, the Company may make contributions to a fund for the purpose of making provision for or obtaining superannuation benefits for a Director.

11.11 Additional or special duties

If a Director at the request of the Directors performs additional or special duties for the Company, the Company may remunerate that Director as determined by the Directors and that remuneration may be either in addition to or in substitution for that Director's remuneration under article 11.9.

11.12 Retirement benefit

Subject to the Listing Rules and Corporations Act, the Company may pay a former Director, or the personal representative of a Director who dies in office, a retirement benefit in recognition of past services of an amount determined by the Directors. The Company may also enter into a contract with a Director providing for payment of a retirement benefit. A retirement benefit paid under this article is not remuneration to which article 11.9 applies.

11.13 Expenses

A Director is entitled to be reimbursed out of the funds of the Company such reasonable travelling, accommodation and other expenses as the Director may incur when travelling to or from meetings of the Directors or a Committee or general meetings of the Company or when otherwise engaged on the business of the Company.

11.14 Director's interests

Subject to complying with the Corporations Act regarding disclosure of and voting on matters involving material personal interests, a Director may:

(a) hold any office or place of profit in the Company, except that of auditor;

(b) hold any office or place of profit in any other company, body corporate, trust or entity promoted by the Company or in which it has an interest of any kind;

(c) enter into any contract or arrangement with the Company;

(d) participate in any association, institution, fund, trust or scheme for past or present employees of the Company or Directors or persons dependent on or connected with them;

(e) act in a professional capacity (or be a member of a firm, or an officer or employee of a body corporate, which acts in a professional capacity) for the Company, except as auditor;

(f) participate in, vote on and be counted in a quorum for any meeting, resolution or decision of the Directors and may be present at any meeting where any matter is being considered by the Directors;

(g) sign or participate in the execution of a document by or on behalf of the Company;

(h) do any of the above despite the fiduciary relationship of the Director's office:

    (i) without any liability to account to the Company for any direct or indirect benefit accruing to the Director; and

    (ii) without affecting the validity of any contract or arrangement; and

(i) exercise the voting power conferred by securities in any entity held by the Company, in accordance with the terms of their appointment, even in circumstances where a Director may be interested in the exercise (such as a resolution appointing a Director as an officer of the entity or providing for the payment of remuneration to officers of the entity).

(j) act as a nominee or representative of a shareholder of the Company, on terms agreed with the Company.

A reference to the Company in this article 11.14 is also a reference to each related body corporate of the Company.

11.15 Vacation of office of Director

In addition to the circumstances in which the office of a Director becomes vacant under the Corporations Act, the office of a Director becomes vacant if the Director:

(a) is a Managing or Executive Director and ceases to be employed by the Company or a related body corporate;

(b) becomes of unsound mind or a person whose person or estate is liable to be dealt with in any way under the law relating to mental health;

(c) resigns from the office by notice in writing to the Company;

(d) is a Grower Director and they cease to be a Director as provided for in article 12.5;

(e) is not present personally at meetings of the Directors for a continuous period of 3 months without leave of absence from the Directors; or

(f) is removed from office by resolution under section 203D of the Corporations Act, but without depriving the Director of any compensation or damages payable to the Director in respect of the termination of the Director's appointment as a Director or of an appointment terminating with that appointment.

12 Grower Directors

12.1 Certain defined terms

For the purposes of this article, the following terms have the following meaning:

Company Gin means a ginning site or facility owned, operated or leased by the Company or its subsidiary or by any entity which is part of a joint venture arrangement to which the Company or its subsidiary is a party.

Cotton Bale means a bale of Australian lint cotton weighing approximately 227 kilograms.

Cotton Farming Property means cotton producing rural property.

Cotton Season of a particular year means the cotton crop planted by Australian farmers in the preceding calendar year and harvested in that particular calendar year.

12.2 Requirements to be a Grower Director

(a) Subject to article 12.3, a person is eligible to be appointed as a Grower Director if:

(i) the person:

(A) has ginned at least 1,500 Cotton Bales in aggregate per Cotton Season at any Company Gin in at least three Cotton Seasons out of the last five Cotton Seasons prior to their appointment as a Director and during the time they are a Grower Director; and

(B) has ginned at least 50% of their seed cotton production which is grown within 100 kilometres of any Company Gin at any Company Gin in at least three Cotton Seasons out of the last five Cotton Seasons prior to their appointment as a Director and during the time they are a Grower Director; and

(C) is the registered owner or lessee (of a long term lease) of Cotton Farming Property which annually can plant a minimum of 150 hectares of seed cotton and is capable of producing 1,500 Cotton Bales in aggregate per Cotton Season to be ginned at any Company Gin; and

(D) is eligible to be a Grower Director having regard to the requirements of article 12.6(c); or

(ii) the person:

(A) is employed as a senior executive or senior manager, or is employed in an equivalent position, by a client of the Company who or which has a significant involvement in the Australian cotton industry;

(B) has held the position or title referred to in paragraph (A) for at least 5 years (including at any prior employer who also satisfies the criteria in paragraph (A)); and

(C) their nomination as a Grower Director has been unanimously approved by the Directors.

(b) For the purposes of this article a person will be considered to have ginned and to be a registered owner or lessee if they or their immediate family:

(i) control a company;

(ii) is a majority partner of a partnership; or

(iii) are the primary beneficiaries of a trust,

that has ginned or is the registered owner or lessee.

The Directors will determine if a company is controlled, a majority partnership exists or there is a primary beneficiary, and a determination by the Directors as to whether those circumstances exist will be binding and conclusive.

(c) A person who was a "Grower Director" (as that term is defined in the Rules of Namoi Cotton Co-operative Limited) of Namoi Cotton Co-operative Limited prior to the adoption of this Constitution will be considered to satisfy the requirements in article 12.2 for a Grower Director on adoption of this Constitution.

12.3 Exemption for failure to satisfy requirements

If a Grower Director ceases to satisfy, any of the requirements in article 12.2 due to drought, flood or loss of crop due to hail or spray drift then the Directors may, in their absolute discretion, provide an exemption for one Cotton Season for that Grower Director when applying the requirements set out in article 12.2.

12.4 Annual review of eligibility

(a) The Directors must review the eligibility of each Grower Director by assessing and determining whether they continue to satisfy the requirements in article 12.2 on an annual basis at least 3 months prior to each annual general meeting of Members.

(b) Prior to the date referred to in paragraph (a) for assessing and determining the continuing eligibility of each Grower Director, each Grower Director must furnish to the Directors information to demonstrate that the Grower Director continues to satisfy the requirements in article 12.2.

(c) A decision by the Directors on the eligibility of each Grower Director shall be final and conclusive.

12.5 Ceasing to be a Grower Director

If:

(a) a Grower Director ceases to satisfy any of the requirements in article 12.2; or

(b) an Association of the type referred to in article 12.6(c) exists,

the Grower Director (in the case of paragraph (a)) or the last appointed Grower Director to whom paragraph (b) applies (in the case of paragraph (b)) will cease to be Director on the earlier of:

(c) the next annual general meeting of Members; or

(d) two months after they cease to satisfy those requirements unless their continued appointment as a Director is supported by unanimous resolution of the other Directors.

12.6 Nomination as a Grower Director

(a) If a person is nominated for a Grower Director position, prior to that nomination being accepted by the Company the nominee must provide the Company with such information as the Directors may request to demonstrate the nominee satisfies the requirements in article 12.2 at the time of the nomination and at the time of election, including but not limited to company records, partnership arrangements and trust arrangements (as relevant).

(b) If the Directors determine that the nominee does not satisfy the requirements in article 12.2 at the time of the nomination, then the nomination as a Grower Director may be rejected. If the Directors determine that that the nominee does not satisfy the requirements at the time of election, then the election as a Grower Director will not proceed. Such a determination by the Directors will be final and conclusive.

(c) Where a nominee is eligible to be appointed as a Grower Director by virtue of the requirements in article 12.2(a) being satisfied by a company, partnership or trust arrangement, no further person is eligible to be a Grower Director by virtue of the same company, partnership or trust arrangement or by virtue of any other company, partnership or trust that is an Associate of such a company, partnership or trust. A determination by the Directors that an Associate relationship exists will be final and conclusive.

12.7 Review date

(a) The Company must first seek the approval of Members, by special resolution, to the continuation of the Grower Director Representation Rule at the 2022 annual general meeting of the Company.

(b) If the continuation of the Grower Director Representation Rule is approved by Members by special resolution under article 12.7(a), the Company must seek the approval of Members, by special resolution, to the continuation of the Grower Director Representation Rule at the 2027 annual general meeting of the Company.

(c) If the continuation of the Grower Director Representation Rule is approved by Members by special resolution under article 12.7(b), the Company must subsequently seek the approval of Members, by special resolution, to the continuation of the Grower Director Representation Rule at each annual general meeting of the Company thereafter.

12.8 Removal of Grower Director Representation Rule

The Grower Director Representation Rule and the provisions of this Constitution relating to the requirements imposed on Grower Directors will cease to apply if:

(a) the continuation of the Grower Director Representation Rule is not approved by special resolution by Members in accordance with article 12.7(a); or

(b) the Company's main undertaking ceasing to be a cotton processing business.

When the Grower Director Representation Rule ceases to apply, the Grower Directors in office at that time will continue in office as Directors without being treated as Grower Directors.

13 Powers and duties of Directors

13.1 Directors to manage Company

The Directors are responsible for overseeing the proper management of the business of the Company. They may exercise all the powers of the Company as are not by the Corporations Act or by this Constitution required to be exercised by the Company in general meeting.

13.2 Specific powers of Directors

Without limiting the generality of article 13.1, the Directors may exercise all the powers of the Company to borrow or raise money, to charge any property or business of the Company or all or any of its uncalled capital and to issue debentures or give any other security for a debt, liability or obligation of the Company or of any other person.

13.3 Appointment of attorney

The Directors may, by power of attorney, appoint any person or persons to be the attorney or attorneys of the Company for the purposes and with the powers, authorities and discretions vested in or exercisable by the Directors for such period and subject to such conditions as they think fit.

13.4 Provisions in power of attorney

A power of attorney granted under article 13.3 may contain such provisions for the protection and convenience of persons dealing with the attorney as the Directors think fit and may also authorise the attorney to delegate (including by way of appointment of a substitute attorney) all or any of the powers, authorities and discretions vested in the attorney.

13.5 Signing of receipts and negotiable instruments

The Directors may determine the manner in which and persons by whom cheques, promissory notes, bankers' drafts, bills of exchange and other negotiable instruments, and receipts for money paid to the Company, may be signed, drawn, accepted, endorsed or otherwise executed.

13.6 Committees

The Directors may delegate any of their powers, other than powers required by law to be dealt with by Directors as a board, to a Committee or Committees consisting of one or more of their number as they think fit.

13.7 Powers delegated to Committees

A Committee to which any powers have been delegated under article 13.6 must exercise those powers in accordance with any directions of the Directors.

13.8 Appointment of Managing and Executive Directors

The Directors may appoint an employee of the Company or one of its subsidiaries to the office of managing director or executive director of the Company, to hold office as Director for the period determined at the time of appointment, but not to exceed the term of employment of the employee.

The Directors may, subject to the terms of any employment contract between the relevant Director and the Company or subsidiary, at any time remove or dismiss any Managing Director or Executive Director from employment with that company, in which event the appointment as a Director will automatically cease.

13.9 Ceasing to be a Managing or Executive Director

Subject to article 13.10, a Managing Director or Executive Director appointed under article 13.8 is subject to re-election as director in accordance with article 11.4. If re-elected, their term as Director ends when their employment contract with the Company or its subsidiary ceases.

13.10 One Managing Director exempt

One Managing Director, nominated by the Directors, is, while holding that office, exempt from retirement by rotation under article 11.4.

13.11 Remuneration of Managing and Executive Directors

The remuneration of a Managing Director or an Executive Director may be fixed by the Directors and may be by way of salary or commission or participation in profits or by all or any of those modes, but may not be by a commission on or percentage of operating revenue.

13.12 Powers of Managing and Executive Directors

The Directors may:

(a) confer on a Managing Director or an Executive Director such of the powers exercisable by them, on such terms and conditions and with such restrictions, as they think fit; and

(b) withdraw or vary any of the powers conferred on a Managing Director or an Executive Director.

13.13 Delegation of Directors' powers

The Directors may delegate any of their powers to any persons they select for any period, to be exercised for any objects and purposes on any terms and subject to any conditions and restrictions as they think fit, and may revoke, withdraw, alter or vary the delegation of any of those powers.

The powers of delegation expressly or impliedly conferred by this Constitution on the Directors are conferred in substitution for, and to the exclusion of, the power conferred by section 198D of the Corporations Act.

14 Proceedings of Directors

14.1 Directors' meetings

The Directors may meet together for the dispatch of business and adjourn and otherwise regulate their meetings as they think fit.

14.2 Director may convene a meeting

A Director may at any time, and the Secretary must on the written request of a Director, convene a meeting of the Directors.

14.3 Use of technology for Directors' meetings

(a) A Directors' meeting may be held using teleconference or videoconference technology.

(b) A Directors' meeting may be called or held using any other technology (not referred to in paragraph (a)) consented to by all the Directors. The consent may be a standing one. A Director may only withdraw their consent within a reasonable period before the meeting.

14.4 Questions decided by majority

A question arising at a meeting of Directors is to be decided by a majority of votes of Directors present and entitled to vote and that decision is for all purposes a decision of the Directors.

14.5 Chairman and deputy chairman of Directors

The Directors may elect one of their number as chairman of their meetings and one of their number as deputy chairman. They may also determine the periods for which the chairman and deputy-chairman are to hold office.

14.6 Absence of chairman at Directors' meeting

If a Directors' meeting is held and:

(a) a chairman has not been elected under article 14.5; or

(b) the chairman is not present within 15 minutes after the time appointed for the holding of the meeting or is unable or unwilling to act,

the deputy chairman will be the chairman of the meeting. If a deputy chairman has not been elected, or is not present or willing to act, the Directors present must elect one of their number to be chairman of the meeting.

14.7 No casting vote for Chairman at Directors' meetings

If there are an equal number of votes for and against a question, the chairman of the Directors' meeting is not entitled to a casting vote in addition to any vote to which the Chairman is entitled as a Director.

14.8 Quorum for Directors' meeting

At a meeting of Directors, the number of Directors whose presence in person or by proxy is necessary to constitute a quorum is as determined by the Directors and, unless so determined, is 4.

14.9 If quorum not present

If within 15 minutes after the time appointed for a Directors' meeting a quorum is not present, the meeting:

(a) if convened by a Director, and that Director is not present, is dissolved; and

(b) in any other case, stands adjourned to the same day in the next week and the same time and place, or to such other day, time and place as the Directors agree.

14.10 Continuing Directors may act

The continuing Directors may act despite a vacancy in their number. If their number is reduced below the minimum fixed by article 11.1, the continuing Directors may, except in an emergency, act only for the purpose of filling vacancies to the extent necessary to bring their number up to that minimum or to convene a general meeting.

14.11 Chairman of Committee

The members of a Committee may elect one of their number as chairman of their meetings. If a meeting of a Committee is held and:

(a) a chairman has not been elected; or

(b) the chairman is not present within 20 minutes after the time appointed for the holding of the meeting or is unable or unwilling to act,

the members involved may elect one of their number to be chairman of the meeting.

14.12 Meetings of Committee

A Committee may meet and adjourn as it thinks proper.

14.13 Determination of questions

Questions arising at a meeting of a Committee are to be determined by a majority of votes of the members of the Committee present and voting.

If there are an equal number of votes for and against a question, the chairman of the meeting has a casting vote, unless only 2 members of the Committee are present and entitled to vote on the question.

14.14 Circulating resolutions

(a) The Directors may pass a resolution without a Directors' meeting being held if a majority of the Directors entitled to vote on the resolution have consented to the resolution in accordance with this article 14.14. The resolution is passed when the last participating Director consents to the resolution in accordance with this article 14.14. The resolution is not invalidated if it is consented to by a Director who is not entitled to vote.

(b) A Director may consent to a resolution by signing a document that sets out the terms of the resolution and contains a statement to the effect that the Director is in favour of the resolution.

(c) Alternatively, a Director may consent to a resolution by giving the Company a written notice (including by fax or other electronic means) addressed to and received by the Secretary or the Chairman:

(i) that signifies the Director's assent to the resolution;

(ii) that sets out the terms of the resolution or identifies those terms; and

(iii) if the Director has notified the Company in writing of a specified means by which his or her consent must be authenticated (including by providing particular personal information or an allocated code), that authenticates the Director's consent by those specified means.

(d) Any document referred to in this article may be in the form of a fax or electronic notification. Separate copies of a document (including in electronic form) may be signed by the Directors if the wording of the resolution and statement is identical in each copy.

(e) This article 14.14 applies to resolutions of Committees as if the references to Directors were references to Committee members.

14.15 Validity of acts of Directors

All acts done at a meeting of the Directors or of a Committee, or by a person acting as a Director are, even if it is afterwards discovered that:

(a) there was a defect in the appointment or continuance in office of a person as a Director or of the person so acting; or

(b) a person acting as a Director was disqualified or was not entitled to vote,

as valid as if the relevant person had been duly appointed or had duly continued in office and was qualified and entitled to vote.

15 Secretary

15.1 Appointment of Secretary

(a) The Company must have at least one Secretary who is to be appointed by the Directors.

(b) A person who was a "Secretary" (as that term is defined in the Rules of Namoi Cotton Co-operative Limited) of Namoi Cotton Co-operative Limited prior to the adoption of this Constitution will be considered a Secretary on adoption of this Constitution, and the date of their appointment as a Secretary of Namoi Cotton Co-operative Limited will be taken to be the date of their appointment as a Secretary.

15.2 Suspension and removal of Secretary

The Directors may suspend or remove a Secretary from that office.

15.3 Powers, duties and authorities of Secretary

A Secretary holds office on the terms and conditions (including as to remuneration) and with the powers, duties and authorities, as determined by the Directors. The exercise of those powers and authorities and the performance of those duties by a Secretary is subject at all times to the control of the Directors.

16 Seals

16.1 Safe custody of common seals

The Directors must provide for the safe custody of any seal of the Company.

16.2 Use of common seal

If the Company has a common seal or duplicate common seal:

(a) it may be used only by the authority of the Directors, or of a Committee authorised by the Directors to authorise its use; and

(b) every document to which it is affixed must be signed by a Director and be countersigned by another Director, a Secretary or another person appointed by the Directors to countersign that document or a class of documents in which that document is included.

17 Inspection of records

17.1 Inspection by Members

Subject to the Corporations Act, the Directors may determine whether, to what extent, at what time and places, and under what conditions, the accounting records and other documents of the Company or any of them will be open to the inspection of Members (other than Directors).

17.2 Right of a Member or other person to inspect

A Member or other person (other than a Director) does not have the right to inspect any document of the Company except as provided by law or authorised by the Directors or by the Company in general meeting.

18 Dividends and reserves

18.1 Payment of dividend

Subject to the Corporations Act, this Constitution and the terms of issue or rights of any shares with special rights to dividends, the Directors may determine that a dividend is payable, fix the amount and the time for payment and authorise the payment or crediting by the Company to, or at the direction of, each Member entitled to that dividend. The Directors may rescind or alter any such determination before payment is made.

18.2 No interest on dividends

Interest is not payable by the Company on a dividend.

18.3 Calculation and apportionment of dividends

Subject to the rights of any persons entitled to shares with special rights as to dividend and to the terms of issue of any shares to the contrary, all sums that the Company determines are to be distributed among the Members as dividends are divisible among the Members so that, on each occasion on which a dividend is paid:

(a) the same sum is paid on each fully paid share; and

(b) the sum paid on a share on which all amounts payable have not been paid is the proportion of the sum referred to in article 18.3(a) that the amount paid on the shares bears to the total of the amounts paid and payable on the share.

To determine the amount paid on a share, exclude any amount:

(c) paid or credited as paid in advance of a call; and

(d) credited as paid on a share to the extent that it exceeds the value (ascertained at the time of issue of the share) of the consideration received for the issue of the share.

All dividends are to be apportioned and paid proportionately to the amounts paid on the shares during any portion or portions of the period for which the dividend is paid, but, if any share is issued on terms providing that it will rank for dividend as from a particular date, that share ranks for dividend accordingly.

18.4 Deductions from dividends

The Directors may deduct from any dividend payable to, or at the direction of, a Member any sums presently payable by that Member to the Company on account of calls or otherwise in relation to shares.

18.5 Distribution of specific assets

When resolving to pay a dividend or to return capital by a reduction of capital, a buy-back or otherwise, the Directors may:

(a) resolve that the dividend or return of capital be satisfied either wholly or partly by the distribution of specific assets to some or all of the persons entitled to the dividend or return of capital, including shares, debentures or other securities of the Company or any other body corporate or trust; and

(b) direct that the dividend or return of capital payable in respect of any particular shares be satisfied wholly or partly by such distribution, and that the dividend or return of capital payable in respect of other shares be paid in cash.

18.6 Ancillary powers regarding distributions

(a) In relation to any decision to pay a dividend or to return capital by a reduction of capital or otherwise, the Directors may:

(i) settle any difficulty that arises in making the distribution as they think expedient and in particular:

(A) make cash payments in cases where Members are entitled to fractions of shares, debentures or other securities;

(B) decide that amounts or fractions of less than a particular value decided by the Directors may be disregarded in order to adjust the rights of all parties by withholding assets, cash, shares, debentures or other securities where the Company is required to make a payment in respect of the Member to a government or taxing authority in relation to the distribution or issue; and

(C) decide to make distributions by disregarding transfers of shares or aggregating parcels of shares where they form the opinion that shareholdings have been split or aggregated to obtain the benefit of rounding on fractions of shares;

(ii) fix the value for distribution of any specific assets;

(iii) pay cash or issue shares, debentures or other securities to any Member in order to adjust the rights of all parties;

(iv) vest any of those specific assets, cash, shares, debentures or other securities in a trustee or nominee on trust for the persons entitled to the distribution or capitalised amount, on such terms that seem expedient to the Directors; and

(v) authorise any person to make, on behalf of the Members, or a particular Member, entitled to any specific assets, cash, shares, debentures or other securities as a result of the decision, an agreement (including in writing) with the Company or another person which provides, as appropriate, for the distribution or issue to them of the assets, cash, shares, debentures or other securities and by applying to them their respective proportions of the amount resolved to be distributed.

(b) Any agreement made under an authority referred to in article 18.6(a)(v) is effective and binds all Members concerned.

(c) Instead of making a distribution or issue of specific assets, shares, debentures or other securities to a particular Member, the Directors may make a cash payment to that Member or allocate some or all of the assets, shares, debentures or other securities to a trustee to be sold on behalf of, and for the benefit of, or in respect of, that Member, if:

(i) the distribution or issue would otherwise be illegal or unlawful;

(ii) the distribution or issue would give rise to parcels of securities which do not constitute a marketable parcel;

(iii) in the Directors' discretion, the distribution or issue would, for any reason, be impracticable; or

(iv) the Member so agrees.

(d) If the Company distributes to Members (either generally or to specific Members) shares, debentures or securities of the Company or another body corporate or trust (whether as a dividend or return of capital or otherwise and whether or not for value), each of those Members appoints the Company, and any officer of the Company nominated on their behalf by the Directors, as his or her agent or attorney to do anything needed or desirable to give effect, or assist in giving effect, to that distribution, including agreeing to become a member, holder of shares, holder of debentures or holder of securities of the Company or that other body corporate or trust.

18.7 Payments in respect of shares

A dividend, interest or other money payable in cash in respect of shares may be paid using any payment method chosen by the Company, including:

(a) by means of a direct credit as determined by the Directors to the latest payment account details for the relevant holding as provided in writing by the holder or holders shown on the Register; or

(b) by cheque sent through the post directed to the address in the Register of the holder or, in the case of joint holders, to the address of the joint holder first named in the Register or to such other address as the holder or joint holder directs in writing.

Payment of money is at the risk of the holder or holders to whom it is sent.

18.8 Effectual receipt from one joint holder

Any one of 2 or more joint holders may give an effectual receipt for any dividend, interest or other money payable in respect of the shares held by them as joint holders.

18.9 Election to reinvest dividend

Subject to the Listing Rules, the Directors may grant to Members or any class of Members the right to elect to reinvest cash dividends paid by the Company by subscribing for shares in the Company on such terms and conditions as the Directors think fit.

18.10 Election to accept shares instead of dividends

Subject to the Listing Rules, the Directors may determine for any dividend which it is proposed to pay on any shares of the Company that holders of the shares may elect:

(a) to forego the right to share in the proposed dividend or part of such proposed dividend; and

(b) to receive instead an issue of shares credited as fully paid on such terms as the Directors think fit.

18.11 Unclaimed dividends

Unclaimed dividends may be invested by the Directors as they think fit for the benefit of the Company until claimed or until required to be dealt with in accordance with any law relating to unclaimed moneys.

19 Capitalisation of profits

19.1 Capitalisation of reserves and profits

The Directors:

(a) may resolve to capitalise any sum, being the whole or a part of the amount for the time being standing to the credit of any reserve account or the profit and loss account or otherwise available for distribution to Members; and

(b) may, but need not, resolve to apply the sum in any of the ways mentioned in article 19.2, for the benefit of Members in the proportions to which those Members would have been entitled in a distribution of that sum by way of dividend.

19.2 Applying a sum for the benefit of Members

The ways in which a sum may be applied for the benefit of Members under article 19.1 are:

(a) in paying up any amounts unpaid on shares held by Members;

(b) in paying up in full unissued shares or debentures to be issued to Members as fully paid; or

(c) partly as mentioned in article19.2(a) and partly as mentioned in article 19.2(b).

19.3 Implementing the resolution

The Directors may do all things necessary to give effect to the resolution under article 19.1 and in particular, to the extent necessary to adjust the rights of the Members among themselves, may:

(a) make cash payments in cases where shares or debentures become issuable in fractions;

(b) authorise any person to make, on behalf of all or any of the Members entitled to any further shares or debentures on the capitalisation, an agreement with the Company providing for:

(i) the issue to them, credited as fully paid up, of any further shares or debentures; or

(ii) the payment by the Company on their behalf of the amounts or any part of the amounts remaining unpaid on their existing shares by the application of their respective proportions of the sum resolved to be capitalised,

and any agreement so made is effective and binding on all the Members concerned;

(c) fix the value of specified assets; or

(d) vest property in trustees.

20 Service of documents

20.1 Document includes notice

In this article 20, a reference to a document includes a notice and a notification by electronic means.

20.2 Form of document

Unless expressly stated otherwise in this Constitution, all notices, certificates, statements, demands, appointments, directions and other documents referred to in this Constitution must be in writing.

20.3 Methods of service

The Company may give a document to a Member:

(a) personally;

(b) by delivering it or sending it by post to the address for the Member in the Register or an alternative address nominated by the Member;

(c) by sending it to a fax number or electronic address nominated by the Member; or

(d) by notifying the Member by an electronic means nominated by the Member that:

  (i) the document is available; and

  (ii) how the Member may use the nominated access means to access the document.

20.4 Post

A document sent by post:

(a) if sent to an address in Australia, may be sent by ordinary post; and

(b) if sent to an address outside Australia, must be sent by airmail,

and, in either case, is taken to have been given and received on the day after the day of its posting.

20.5 Fax or other electronic means

A document sent or given by fax or other electronic means:

(a) is taken to be effected by properly addressing and transmitting the fax or other electronic transmission; and

(b) is taken to have been given and received on the day after the date of its transmission.

20.6 Evidence of service

A certificate signed by a Director or a Secretary stating that a document was sent, delivered or given to a Member personally, by post, fax or other electronic means on a particular date is evidence that the document was sent, delivered or given on that date and by that means.

20.7 Joint holders

A document may be given by the Company to the joint holders of a share by giving it to the joint holder first named in the Register for the share.

20.8 Persons entitled to shares

A person who by operation of law, transfer or other means whatsoever becomes entitled to any share is absolutely bound by every document given in accordance with this article 20 to the person from whom that person derives title prior to registration of that person's title in the Register.

21 Winding up

21.1 Distribution of assets

If the Company is wound up, the liquidator may, with the sanction of a special resolution of the Company, divide among the Members in kind the whole or any part of the property of the Company and may for that purpose set such value as the liquidator considers fair on any property to be so divided and may determine how the division is to be carried out as between the Members or different classes of Members.

21.2 Powers of liquidator to vest property

The liquidator may, with the sanction of a special resolution of the Company, vest the whole or any part of any such property in trustees on such trusts for the benefit of the contributories as the liquidator thinks fit, but so that no Member is compelled to accept any shares or other securities in respect of which there is any liability.

21.3 Shares issued on special terms

Articles 21.1 and 21.2 do not prejudice or affect the rights of a Member holding shares issued on special terms and conditions.

22 Indemnity and insurance

22.1 Indemnity

To the maximum extent permitted by law, the Company may indemnify any current or former Director or Secretary or senior manager of the Company or a subsidiary of the Company out of the property of the Company against:

(a) any liability incurred by the person in that capacity (except a liability for legal costs);

(b) legal costs incurred in defending or resisting (or otherwise in connection with) proceedings, whether civil or criminal or of an administrative or investigatory nature, in which the person becomes involved because of that capacity; and

(c) legal costs incurred in good faith in obtaining legal advice on issues relevant to the performance of their functions and discharge of their duties as an officer of the Company or a subsidiary, if that expenditure has been approved in accordance with the Company's policy,

except to the extent that:

(d) the Company is forbidden by law to indemnify the person against the liability or legal costs; or

(e) an indemnity by the Company of the person against the liability or legal costs, if given, would be made void by law.

22.2 Insurance

The Company may pay or agree to pay, whether directly or through an interposed entity, a premium for a contract insuring a person who is or has been a Director or Secretary or senior manager of the Company or of a subsidiary of the Company against liability incurred by the person in that capacity, including a liability for legal costs, unless:

(a) the Company is forbidden by law to pay or agree to pay the premium; or

(b) the contract would, if the Company paid the premium, be made void by law.

22.3 Contract

The Company may enter into an agreement with a person referred to in articles 22.1 and 22.2 with respect to the matters covered by those articles. An agreement entered into pursuant to this article may include provisions relating to rights of access to the books of the Company conferred by the Corporations Act or otherwise by law.

23 Restricted Securities

23.1 Definitions

In this article 23:

dispose and **disposed of** have the meaning given in the Listing Rules;

Escrow Period means, in relation to Restricted Securities, the escrow period applicable to those Restricted Securities under the Listing Rules; and

Restricted Securities has the meaning given in the Listing Rules.

23.2 Disposal during Escrow Period

Restricted Securities cannot be disposed of during the Escrow Period except as permitted by the Listing Rules or ASX.

The Company must not acknowledge a disposal (including by registering a transfer) of Restricted Securities during the Escrow Period except as permitted by the Listing Rules or ASX.

23.3 Breach of Restriction Agreement or Listing Rules

During a breach of the Listing Rules relating to Restricted Securities, or a breach of a Restriction Agreement, the holder of the Restricted Securities is not entitled to any dividend or distribution, or voting rights, in respect of the Restricted Securities.

24 Small Holdings

24.1 Definitions

In this article 24:

Divestment Notice means a notice given under article 24.2 to a Small Holder or a New Small Holder;

Market Value in relation to a Share means the closing price of the Share on a Trading Platform, excluding special crossings, overnight sales and exchange traded options;

New Small Holder is a Member who is the holder or a joint holder of a New Small Holding;

New Small Holding means a holding of Shares created after the date on which article 24 came into effect by the transfer of a parcel of Shares the aggregate Market Value of which at the time a proper transfer was initiated or a paper based transfer was lodged, was less than a marketable parcel of Shares as provided under the Listing Rules;

Relevant Period means the period specified in a Divestment Notice under article 24.3;

Relevant Shares are the Shares specified in a Divestment Notice;

Shares for the purposes of article 24 are shares in the Company all of the same class;

Small Holder is a Member who is the holder or a joint holder of a Small Holding; and

Small Holding means a holding of Shares the aggregate Market Value of which at the relevant date is less than a marketable parcel of Shares as provided under the Listing Rules.

24.2 Divestment Notice

If the Directors determine that a Member is a Small Holder or a New Small Holder the Company may give the Member a Divestment Notice to notify the Member:

(a) that the Member is a Small Holder or a New Small Holder, the number of Shares making up and the Market Value of the Small Holding or New Small Holding and the date on which the Market Value was determined;

(b) that the Company intends to sell the Relevant Shares in accordance with this article after the end of the Relevant Period specified in the Divestment Notice;

(c) if the Member is a Small Holder, that the Member may at any time before the end of the Relevant Period notify the Company in writing that the Member desires to retain the Relevant Shares and that if the Member does so the Company will not be entitled to sell the Relevant Shares under that Divestment Notice; and

(d) after the end of the Relevant Period the Company may for the purpose of selling the Relevant Shares that are in a CS Facility holding initiate a holding adjustment to move those Shares from that CS Facility holding to an Issuer Sponsored Holding or certificated holding.

If the Operating Rules of a CS Facility apply to the Relevant Shares, the Divestment Notice must comply with those Operating Rules.

24.3 Relevant Period

For a Divestment Notice given to a Small Holder, the Relevant Period must be at least 6 weeks from the date the Divestment Notice was given. For a Divestment Notice given to a New Small Holder, the Relevant Period must be at least 7 days from the date the Divestment Notice was given.

24.4 Company can sell Relevant Shares

At the end of the Relevant Period the Company is entitled to sell on-market or in any other way determined by the Directors:

(a) the Relevant Shares of a Member who is a Small Holder, unless that Member has notified the Company in writing before the end of the Relevant Period that the Member desires to retain the Relevant Shares, in which event the Company must not sell those Relevant Shares under that Divestment Notice; and

(b) the Relevant Shares of a Member who is a New Small Holder.

24.5 No obligation to sell

The Company is not bound to sell any Relevant Shares which it is entitled to sell under this article 24 but unless the Relevant Shares are sold within 6 weeks after the end of the Relevant Period the Company's right to sell the Relevant Shares under the Divestment Notice relating to those Shares lapses and it must notify the Member to whom the Divestment Notice was given accordingly.

24.6 Company as Member's attorney

To effect the sale and transfer by the Company of Relevant Shares of a Member, the Member appoints the Company and each Director and Secretary jointly and severally as the Member's attorney in the Member's name and on the Member's behalf to do all acts and things which the Company considers necessary or appropriate to effect the sale or transfer of the Relevant Shares and, in particular:

(a) to initiate a holding adjustment to move the Relevant Shares from a CS Facility holding to an Issuer Sponsored Holding or a certificated holding; and

(b) to execute on behalf of the Member all deeds instruments or other documents necessary to transfer the Relevant Shares and to deliver any such deeds, instruments or other documents to the purchaser.

24.7 Conclusive evidence

A statement in writing by or on behalf of the Company under this article 24 is (in the absence of manifest error) binding on and conclusive against a Member. In particular, a statement that the Relevant Shares specified in the statement have been sold in accordance with this article is conclusive against all persons claiming to be entitled to the Relevant Shares and discharges the purchaser from all liability in respect of the Relevant Shares.

24.8 Registering the purchaser

The Company must register the purchaser of Relevant Shares as the holder of the Relevant Shares transferred to the purchaser under this article. The purchaser is not bound to see to the application of any money paid as consideration. The title of the purchaser to the Relevant Shares transferred to the purchaser is not affected by any irregularity or invalidity in connection with the actions of the Company under this article.

24.9 Payment of proceeds

Subject to article 24.10, where:

(a) Relevant Shares of a Member are sold by the Company on behalf of the Member under this article; and

(b) the certificate for the Relevant Shares (unless the Company is satisfied that the certificate has been lost or destroyed or the Relevant Shares are on the Issuer Sponsored subregister) has been received by the Company,

the Company must, within 60 days of the completion of the sale, send the proceeds of sale to the Member using any payment method chosen by the Company including under article 18.7. Payment of any money under this article is at the risk of the Member to whom it is sent.

24.10 Costs

In the case of a sale of the Relevant Shares of a New Small Holder in accordance with this article, the Company is entitled to deduct and retain from the proceeds of sale, the costs of the sale as determined by the Company. In any other case, the Company or a purchaser must bear the costs of sale of the Relevant Shares. The costs of sale include all stamp duty, brokerage and government taxes and charges (except for tax on income or capital gains of the Member) payable by the Company in connection with the sale and transfer of the Relevant Shares.

24.11 Remedy limited to damages

The remedy of a Member to whom this article applies, in respect of the sale of the Relevant Shares of that Member is expressly limited to a right of action in damages against the Company to the exclusion of any other right, remedy or relief against any other person.

24.12 Dividends and voting suspended

Unless the Directors determine otherwise, where a Divestment Notice is given to a New Small Holder in accordance with this article, then despite any other provision in this Constitution, the rights to receive payment of dividends and to vote attached to the Relevant Shares of that Member are suspended until the Relevant Shares are transferred to a new holder or that Member ceases to be a New Small Holder. Any dividends that would, but for this article, have been paid to that Member must be held by the Company and paid to that Member within 60 days after the earlier of:

(a) the date the Relevant Shares of that Member are transferred; and

(b) the date that the Relevant Shares of that Member cease to be subject to a Divestment Notice.

24.13 Twelve month limit

If it is a requirement of the Listing Rules, the Company must not give a Small Holder more than one Divestment Notice in any 12 month period (except as contemplated by article 24.14).

24.14 Effect of a takeover bid

From the date of the announcement of a takeover bid for the Shares until the close of the offers made under the takeover bid, the Company's powers under this article to sell Relevant Shares of a Member cease. After the close of the offers under the takeover bid, the Company may give a Divestment Notice to a Member who is a Small Holder or a New Small Holder, despite article 24.13 and the fact that it may be less than 12 months since the Company gave a Divestment Notice to that Member.

Schedule 1 – Terms of preference shares

The Company may issue preference shares under article 2.2 on the following terms.

1 Dividend rights and priority of payment

(a) Each preference share confers on the holder a right to receive a dividend (“**Dividend**”) at the rate or in the amount and on the conditions decided by the Directors under the terms of issue unless, and to the extent that, the Directors decide under the terms of issue that there is no right to receive a Dividend.

(b) Without limiting the conditions which, under the terms of issue, the Directors may impose upon any right to receive a Dividend, the Directors may under the terms of issue, impose conditions upon the right to receive a Dividend which may be changed or reset at certain times or upon certain events and in the manner and to the extent the Directors decide under the terms of issue.

(c) Any Dividend:

(i) is non-cumulative unless, and to the extent that, the Directors decide otherwise under the terms of issue; and

(ii) will rank for payment:

(A) in priority to ordinary shares unless, and to the extent that, the Directors decide otherwise under the terms of issue;

(B) in priority to shares in any other class of shares or class of preference shares expressed under the terms of issue to rank behind for the payment of dividends;

(C) equally with shares in any other class of shares or class of preference shares expressed under the terms of issue to rank equally for the payment of dividends; and

(D) behind shares in any other class of shares or class of preference shares expressed under the terms of issue to rank in priority for the payment of dividends.

(d) If, and to the extent that, the Directors decide under the terms of issue, each preference share may, in addition to any right to receive a Dividend, participate equally with the ordinary shares in distribution of profits available as dividends.

(e) Each preference share confers on its holder:

(i) if, and to the extent that the Dividend is cumulative, the right in a winding up or on redemption to payment of the amount of any Dividend accrued but unpaid on the share at the commencement of the winding up or the date of redemption, whether earned or determined or not;

(ii) if, and to the extent that the Dividend is non-cumulative, and if, and to the extent that, the Directors decide under the terms of issue, the right in a winding up or on redemption to payment of the amount of any Dividend accrued but unpaid for the period commencing on the dividend payment date which has then most recently occurred and ending on the commencement of the winding up or the date of redemption, whether earned or determined or not,

with the same priority in relation to each other class of shares as the priority that applies in relation to the payment of the Dividend.

2 Entitlement to payment of capital sum

(a) Each preference share confers on its holder the right in a winding up or on a redemption to payment of:

(i) any amount paid on the share, or any amount fixed by the Directors under the terms of issue or capable of determination pursuant to a mechanism adopted by the Directors under the terms of issue; and

(ii) a further amount out of the surplus assets and profits of the Company on the conditions decided by the Directors under the terms of issue unless, and to the extent that, the Directors decide under the terms of issue that there is no right to any payment of a further amount out of the surplus assets and profits of the Company,

in priority to ordinary shares and, unless the Directors decide otherwise under the terms of issue, in priority to shares in any other class of shares or class of preference shares expressed to rank behind on a winding up, equally with shares in any other class of shares or class of preference shares expressed to rank equally on a winding up, and behind shares in any other class of shares or class of preference shares expressed to rank in priority on a winding up.

(b) Unless otherwise decided by the Directors under the terms of issue, a preference share does not confer on its holder any right to participate in the profits or property of the Company except as set out in this schedule 2.

3 Bonus issues and capitalisation of profits

If, and to the extent that the Directors decide under the terms of issue, a preference share may confer a right to a bonus issue or capitalisation of profits in favour of holders of those shares only.

4 Voting rights

(a) A preference share does not entitle its holder to vote at any general meeting of the Company except on the questions, proposals or resolutions or during periods of time or in circumstances identified by the Directors in the terms of issue, which, unless the Directors decide otherwise under the terms of issue, are as follows:

(i) a proposal:

(A) to reduce the share capital of the Company;

(B) that affects rights attached to the share;

(C) to wind up the Company; or

(D) for the disposal of the whole of the property, business and undertaking of the Company;

(ii) a resolution to approve the terms of a buy-back agreement;

(iii) during a period in which a Dividend or part of a Dividend on the share is in arrears;

(iv) during the winding up of the Company.

(b) Each holder of a preference share who has a right to vote on a resolution is entitled to the number of votes specified in article 10.15 of the Constitution.

5 Meeting

Each preference share confers on its holder the same rights as those conferred by the Constitution upon the holders of ordinary shares in relation to receiving notices (including notices of general meetings), reports, balance sheets and audited accounts and of attending and being heard at all general meetings of the Company.

6 Foreign Currency

Where any amount is payable by the Company to the holder of a preference share in a currency other than Australian dollars, and the amount is not paid when due or the Company has commenced winding up, the holder may give notice to the Company requiring payment of an amount in Australian dollars equal to the foreign currency amount calculated by applying the reference rate on the date of payment for the sale of the currency in which the payment is to be made for Australian dollars. Reference rate means the rate applicable in the market and at the time determined by the Directors before allotment of those preference shares and specified in the terms of issue for those preference shares.

7 Conversion to ordinary shares

Subject to the Corporations Act, any other applicable laws and the terms of issue of a preference share as determined by the Directors:

(a) a preference share which may be converted into an ordinary share in accordance with its terms of issue, at the time of conversion and without any further act:

(i) has the same rights as a fully paid ordinary share; and

(ii) ranks equally with other fully paid ordinary shares on issue,

however, the terms of issue of the preference share may provide otherwise including for the issue of additional ordinary shares on conversion as determined by the Directors; and

(b) the conversion does not constitute a cancellation, redemption or termination of the preference share or the issue, allotment or creation of new shares, but has the effect of varying the status of, and the rights attaching to, the preference share so that it becomes an ordinary share.

8 Amendment to the terms

Subject to complying with all applicable laws, the Company may, without the consent of preference shareholders, amend or add to the terms of the preference shares if, in the opinion of the Company, the amendment or addition is:

(a) of a formal, minor or technical nature;

(b) to correct a manifest error;

(c) made to comply with any applicable law, Listing Rule or requirement of ASX;

(d) convenient for the purpose of obtaining or maintaining the listing of the Company or quotation of the preference shares; or

(e) is not likely to be or become materially prejudicial to the preference shareholders.

9 Variation of rights

Subject to paragraph 8 and the terms of issue of a preference share as determined by the Directors, the rights attaching to a preference share may only be varied or cancelled by a special resolution of the Company and:

(a) by a special resolution passed at a meeting of preference shareholders entitled to vote and holding shares in that class; or

(b) with the written consent of holders of at least 75% of the issued shares of that class.

10 Further issue of shares

If the Company issues new preference shares that rank equally with existing preference shares, the issue will not be taken to vary the rights attached to the existing preference shares unless otherwise determined by the Directors in the terms of issue of the existing shares.

Schedule 2 – Terms of Residual Capital Stock

1 Definitions

In this Schedule 2, unless the contrary intention appears:

Eligible Holder means a holder of Residual Capital Stock who:

(a) has a registered address in Australia (or is a holder of Residual Capital Stock not in Australia that the Company has otherwise determined is eligible to receive an offer of, or to be issued, ordinary shares);

(b) is not in the United States and is not a person (including nominees or custodians) acting for the account or benefit of a person in the United States; and

(c) is eligible under all applicable securities laws to receive on offer of, or to be issued, ordinary shares.

VWAP means the average of the daily volume weighted average sale prices (such average being rounded to the nearest full cent) of ordinary shares in the capital of the Company sold on ASX during the relevant period or on the relevant days but does not include any "Crossing" transacted outside the "Open Session State" or any "Special Crossing" transacted at any time, each as defined in the ASX Operating Rules (as amended or varied), or any overseas trades or trades pursuant to the exercise of options over ordinary shares in the capital of the Company.

VWAP Price means the amount that is 90% of the VWAP of ordinary shares in the capital of the Company for the 10 business day period that is 5 business days prior to the date the Company announces to ASX that it will redeem the Residual Capital Stock.

2 Nature of Residual Capital Stock

Residual Capital Stock represents, and confers on its holder, an interest in the capital (but not the share capital) of the Company as the successor corporation of Namoi Cotton Co-operative Limited.

3 Residual conversion right

(a) An Eligible Holder of Residual Capital Stock may, at any time before the Company announces that it will redeem the Residual Capital Stock, elect to convert each Residual Capital Stock to 1 ordinary share in the capital of the Company by written notice to the Company, with conversion to take place on the first business day of the month following receipt of a conversion notice (subject to the provisions of paragraph (b)).

(b) If the conversion of Residual Capital Stock pursuant to paragraph 3(a) would result in a breach of the Shareholding Limit by the relevant Eligible Holder of Residual Capital Stock, then:

(i) on the first business day of the month following receipt of the relevant conversion notice, only such number of Residual Capital Stock will convert that will not result in the Shareholding Limit being exceeded;

(ii) on the first business day of each subsequent month such further number of the remaining Residual Capital Stock will convert that will not result in the Shareholding Limit being exceeded, until all Residual Capital Stock the subject of the relevant conversion notice have converted into ordinary shares in the capital of the Company; and

(iii) the relevant Eligible Holder of Residual Capital Stock may at any time nominate another person to be registered as the holder of the ordinary shares on the conversion of the Residual Capital Stock who will not cause the Shareholding Limit to be exceeded, in which case the conversion of the Residual Capital Stock the subject of that nomination will take place on the first business day of the month following the time that nomination has been made and the person the subject of that nomination will be registered as the holder of the relevant ordinary shares.

(c) Once the Company announces to ASX that it will redeem the Residual Capital Stock, any election to convert Residual Capital Stock will be ineffective and disregarded.

(d) The conversion of Residual Capital Stock pursuant to paragraph 3(a) is to take effect by the variation of the rights attaching to the Residual Capital Stock so that each Residual Capital Stock remains on issue and becomes 1 ordinary share in the capital of the Company.

(e) Subject to the Corporations Act and other applicable laws:

(i) Residual Capital Stock which may be converted into an ordinary share in accordance with these terms of issue, at the time of conversion and without any further act:

(A) has the same rights as a fully paid ordinary share; and

(B) ranks equally with other fully paid ordinary shares on issue; and

(ii) the conversion does not constitute a cancellation, redemption or termination of the Residual Capital Stock or the issue, allotment or creation of new shares, but has the effect of varying the status of, and the rights attaching to, the Residual Capital Stock so that it becomes an ordinary share.

4 Redemption right

(a) At any time after the earlier of:

(i) 30 June 2018; and

(ii) the date on which at least 90% of Residual Capital Stock have been the subject of a conversion notice pursuant to paragraph 3(a),

the Company may elect to redeem for the VWAP Price all Residual Capital Stock that have not been the subject of a conversion notice by announcement by the Company to ASX followed by notice to each holder of Residual Capital Stock.

(b) Redemption of Residual Capital Stock pursuant to paragraph 4(a) will take place on such date specified by the Company at least 10 business days after the Company announces to ASX that it will redeem the Residual Capital Stock.

(c) An announcement by the Company to ASX that it will redeem the Residual Capital Stock is not revocable.

(d) The Company must pay to each holder of Residual Capital Stock that is redeemed the VWAP Price per Residual Capital Stock not less than 45 days after the date of the announcement by the Company to ASX that it will redeem the Residual Capital Stock.

5 Transferability

The Residual Capital Stock are not transferable.

6 Listing

The Residual Capital Stock will not be listed on ASX.

7 Distribution rights

Residual Capital Stock have no right to be paid distributions or dividends.

8 Pro rata issues

Residual Capital Stock will be permitted to participate in any pro rata issue of Ordinary Shares announced prior to the Company announcing that it will redeem the Residual Capital Stock.

9 Voting rights

Residual Capital Stock have no voting rights or rights to attend or participate in general meetings of the Company, except on a variation of rights of the Residual Capital Stock. The provisions of article 2.3 apply to any class meeting.

10 Winding up

Holders of Residual Capital Stock have a right to repayment of $0.01 per Residual Capital Stock on a winding up of the Company pari passu with ordinary shares in the capital of the Company.

11 Amendment of terms to correct errors

The Company may, without the consent of holders of Residual Capital Stock, amend or vary the terms attaching to Residual Capital Stock:

(a) for the purposes of correcting any manifest error; or

(b) where the amendment is of a formal, minor or technical nature, or is made to cure any ambiguity or correct or supplement any defective or inconsistent provision and, in the reasonable opinion of the Company, does not materially prejudice the interests of holders of Residual Capital Stock.