
**GROWING OUR GINNING FOOTPRINT INTO NORTHERN AUSTRALIA
NAMOI COTTON LIMITED (ASX: NAM)**

Namoi Cotton Limited ('Namoi') is pleased to advise it has entered or intends to enter into various agreements with KCC Kimberley Cotton Company Limited ('KCC') for the investment, construction and operation of a new gin to service the Ord River Irrigation Area.

Namoi's CEO, John Stevenson, said, "we have been working with KCC shareholders since 2020 and are delighted to reach this important milestone. We are more than a ginning company with our in-house engineering and fabrication facilities together with our experienced workforce."

"Our partnership with KCC is aligned with our 4PP Strategy to grow our ginning footprint into northern Australia and diversifying our geography to manage variable cotton production"

Background

KCC has been established by agricultural industry parties in the East Kimberley. KCC plans to construct a \$40 million cotton gin at Kununurra, WA to process cotton from up to 15,000 hectares in the region. It is anticipated the gin will be operational by 2024.

The gin will be funded by equity from local growers and other investors and a \$32 million long term debt facility from the Commonwealth Government's Northern Australia Infrastructure Facility.

This gin will significantly improve cotton gross margins for growers by reducing cartage costs by ginning cotton locally for export through Darwin or other ports. It will also allow cottonseed, a co-product from ginning cotton, to be supplied to the local cattle industry as a feed supplement.

10% interest in KCC

Namoi has executed a Convertible Note Agreement with KCC to acquire a 10% interest in KCC, for \$1.01 million comprising convertible notes and ordinary fully paid shares. This investment will be paid in two instalments by mid-2022.

KCC is obligated to pay interest on the convertible notes, at an above market coupon rate until they are converted into shares in KCC or until they are repaid in full by 31 December 2031.

Payment and timing is subject to the satisfaction of various local and operational conditions on or before March 2022.

Gin equipment and operation for KCC

As announced at our AGM on 20 July 2021, Namoi has entered a Memorandum of Understanding with KCC to support the construction and operation of the gin. Under this arrangement Namoi expects to provide the following services to KCC:

- Supply ancillary ginning equipment, fabricated at our engineering workshop at Wee Waa, NSW.
- Installation of gin equipment supplied by Lummus Corporation, USA.

- Contract operation of the gin, with full operating cost recovery.

These arrangements will provide both operating and financial benefits to KCC and Namoi by leveraging our existing ginning capability and unlocking synergies with the Ord River's later harvest and ginning season.

This announcement was approved by the Board of Namoi Cotton.

For further information, please contact:

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