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NAMOI COTTON LIMITED (ASX: NAM)
NAMOI COTTON ANNOUNCES
UNDERWRITTEN RENOUNCEABLE ENTITLEMENT (RIGHTS) OFFER TO RAISE \$14.1 MILLION

Namoi Cotton Limited (**'Namoi Cotton'**) today announces it will undertake a fully underwritten¹ renounceable pro-rata entitlement offer at \$0.43 per share to raise approximately \$14.1 million (**'Entitlement Offer'**).

Namoi Cotton will offer eligible existing shareholders new fully paid ordinary shares (**'New Shares'**) as part of the Entitlement Offer on the following basis:

- The opportunity to buy 1 New Share for every 5.25 existing shares held on the record date (**'Entitlement'**);
- Eligible shareholders (who take up their full Entitlement) can apply for additional New Shares over and above their Entitlement up to a maximum value of \$30,000 worth of New Shares (**'Oversubscription Facility'**)²; and
- Entitlements are renounceable (that is, transferable) and eligible shareholders can sell and buy Entitlement rights on market on a deferred settlement basis from 26 September 2022 and on a normal settlement basis from 3 October 2022, until 21 October 2022, or may otherwise be sold or transferred all or in part, directly to another person.

The Entitlement Offer is supported by Namoi Cotton's two largest shareholders³ who intend to take up their full Entitlements and to equally sub-underwrite⁴ the Entitlement Offer to the amount of approximately \$4.8 million each.⁵

As part of the Entitlement Offer, Namoi Cotton will issue approximately 32.8 million New Shares, equivalent to 19% of pre-Entitlement Offer shares on issue, at an issue price of \$0.43 per share (**'Issue Price'**). The Issue Price represents a 12.2% discount to the last closing price on 20 September 2022 of \$0.49 per share, a 10.5% discount to TERP⁶ and 14.4% discount to the 10-day VWAP⁷.

The proceeds of the Entitlement Offer are intended to fund:

- Up to ~\$7 million investment (**'KCC Investment'**) in Kimberley Cotton Company Limited (**'KCC'**) and the Kununurra gin, comprising \$2.8 million for a 20% interest in KCC⁸ and up to ~\$4.2 million to support the provision of operating services⁹ and value-add services¹⁰ for the Kununurra gin.
- Reduction in debt, strengthening Namoi Cotton's balance sheet to manage variable seasonal conditions.

As previously announced to the market¹¹ Namoi Cotton entered agreements with KCC on 12 September 2022¹² to build¹³ and operate¹⁴ their new cotton gin at Kununurra. This gin, expected to be operational in 2025, will service the growth of cotton production in the Ord River Irrigation Area¹⁵. This gin is supported by up to \$34 million in non-recourse debt from NAIF¹⁶ and cotton supply agreements with growers.

Further information in relation to Entitlement Offer and the KCC Investment can be found in the investor presentation titled 'Capital Raising – Renounceable entitlement (rights) offer' (**'Investor Presentation'**) that has been released on the ASX today.

Namoi Cotton will offer eligible shareholders with a registered address in Australia or New Zealand (and in respect of certain institutional investors only, who have a registered address in Singapore or Hong Kong) on Namoi Cotton's register as at 7.00pm (Sydney time) on Tuesday 27 September 2022 (the **'Record Date'**), the ability to subscribe and apply for New Shares under the Entitlement Offer.

The Entitlement Offer will open and documentation will be despatched to eligible shareholders on Friday 30 September 2022. The Entitlement Offer closes at 5.00pm (Sydney time) on Friday 28 October 2022, with New Shares expected to be settled on Thursday 3 November 2022¹⁷ and allotted on Friday 4 November 2022, with trading expected to commence on Monday 7 November 2022.

Shares issued under the Entitlement Offer will rank equally with existing shares from the date of issue. Namoi Cotton reserves the right to vary the timetable without notice.

Directors intend to take up their full entitlements under the Offer¹⁸.

Morgans Corporate Limited is the Underwriter to the Entitlement Offer.

This announcement was approved and authorised for release by the Board.

For further information, please contact:

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John Stevenson
Chief Executive Officer
(07) 4631 6100

All dates and times are indicative only and subject to change without notice.

All dollar amounts are in Australian dollars unless otherwise indicated.

Forward-looking statements

This announcement contains certain forward-looking statements. These statements relate to current expectations, beliefs, intentions or strategies regarding the future. The forward-looking statements reflect views and assumptions with respect to future events as at the date of this announcement. However, they are not a guarantee of future performance. They involve known and unknown risks, uncertainties, assumptions, contingencies and other factors which are, in many instances, beyond the control of Namoi Cotton and may involve significant elements of subjective judgement and assumptions as to future events that may or may not be correct. There can be no assurance that actual outcomes will not differ materially from any forward-looking statements. Except as required by applicable laws, Namoi Cotton does not undertake to publicly update or revise the forward-looking statements or other statements in this announcement, whether as a result of new information or future events or circumstances.

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This announcement has been prepared for publication in Australia and may not be released to US wire services or distributed in the United States. This announcement does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States or any other jurisdiction. Any securities described in this announcement may not be offered or sold in the United States absent registration under the US Securities Act 1937 or an exemption from registration.

¹ Refer to the summary at slide 8 of the Investor Presentation under the heading 'Underwriting' for further information.

² If the Oversubscription Facility is over-subscribed, Namoi will scale back applications for additional New Shares in its absolute discretion, having regard to the pro-rata Entitlement of eligible shareholders who apply for additional New Shares.

³ STAM (Samuel Terry Asset Management Pty Ltd as trustee for Samuel Terry Absolute Return Fund in relation to participation in the Entitlement Offer and as trustee for Samuel Terry Absolute Return Active Fund in relation to the sub-underwriting) and LDC (Louis Dreyfus Company Asia Pte. Ltd.) who hold a respective 20.5% and 11.4% interest in Namoi Cotton.

⁴ STAM and LDC have entered into agreements with Morgans with a commitment to fully participate in the Entitlement and to provide general sub-underwriting for the Entitlement Offer. Any shortfall securities not taken up by eligible existing shareholders, including through the Oversubscription Facility, will be allocated equally to STAM and to LDC. STAM sub-underwriting may result in STAM increasing its shareholding in Namoi Cotton from 20.5% to up to 26% and LDC sub-underwriting may result in LDC increasing its shareholding in Namoi Cotton from 11.4% to up to 16.8%. STAM may increase its stake to above 20% for Corporations Act purposes by relying on the exception contained in item 10 of section 611 and section 615 of the Corporations Act. Berne No. 132 Nominees Pty Limited ACN 010 413 591 has been appointed as a nominee under section 615 of the Corporations Act.

⁵ See slide 8 of the Investor Presentation for information on the possible effects of STAM's and LDC's participation in the Entitlement Offer on their holdings in Namoi Cotton.

⁶ TERP is the theoretical price at which Namoi Cotton shares trade immediately after the ex-date for the Entitlement Offer assuming 100% take-up of the Entitlement Offer and having regard to the Entitlement Offer ratio and New Shares issued under the Entitlement Offer. TERP is a theoretical calculation only and the actual price at which Namoi Cotton shares trade immediately after the ex-date for the Entitlement Offer will depend on many factors and may not be equal to TERP. TERP is calculated by reference to Namoi Cotton's closing price of \$0.49 per share on 20 September 2022, being the last practicable Trading Day prior to the date of the Entitlement and Information Booklet.

⁷ VWAP - Volume Weighted Average Price.

⁸ By way of being issued 28,000 shares for \$28,000 and 28,000 convertible notes for \$2.8 million – calculated on a fully diluted basis and assuming no other changes to KCC's capital structure. Convertible note repayment is December 2032 or conversion to equity from January 2026. KCC is targeting to pay coupon interest of 3.75% on convertible notes.

⁹ Agreement with KCC to operate the cotton gin at Kununurra and to provide mobile equipment and working capital.

¹⁰ Cottonseed and classing services subject to the finalisation of agreements to be entered with growers.

¹¹ See ASX release on 13 September 2022 titled 'Namoi Cotton Enters Agreement with Kimberly Cotton Company'.

¹² Execution of these agreement fulfills the material conditions precedent in the Convertible Note Agreement between Namoi Cotton and KCC for Namoi Cotton's ~20% interest in KCC.

¹³ Agreement with KCC for project management of gin construction, supply of ancillary gin equipment and installation of gin equipment.

¹⁴ Evergreen agreement with KCC to operate the cotton gin (subject to customary termination events).

¹⁵ For further information on KCC and the Kununurra cotton gin see slides 19 to 23 of the Investor Presentation.

¹⁶ Northern Australia Infrastructure Facility. See <https://naif.gov.au/what-we-do/case-studies/kimberley-cotton-company/>

¹⁷ The settlement date for any shortfall under the Entitlement Offer allocated to the sub-underwriters will be one or two business days after this date

¹⁸ Directors, as a related party, cannot participate in the additional shares as part of the Oversubscription Facility.