

Wools of New Zealand Shareholder Communication No. 24
29 January 2014

From the Chief Executive

Wools of New Zealand Camira and Grentex Contracts

We are pleased to report that there has been a significant lift in interest and uptake in the important Camira and Grentex contracts.

Camira

Last week we met with Camira and revisited the supply contract with them. WNZ has introduced one of our partners, Grentex, to Camira as a spinning and combing provider.

Camira/Grentex/WNZ trial work indicates that combing reduces vegetable matter (VM) to a more acceptable level, so we are able to cautiously accept some higher VM lamb's wool while rewarding the 0.0VM wool a little bit more for your extra efforts.

This is a good example of our "full service" model working for you where we join up key players to add value, as opposed to the traditional broker (lowest) price model.

Accordingly, we have revised the pricing for the Camira contract as follows:

- VM 0.0% was \$6.10/kg clean, now \$6.25/kg
- VM 0.1% previously not eligible now \$6.10/kg clean (up to 100,000 kg)
- VM 0.2% previously not eligible now \$6.00/kg clean (up to 50,000 kg)
- Acceptance of 0.1% and 0.2% VM wools in sequence of contract dates

- Any grower already signed up for the Camira contract will be eligible for the reviewed price
- Other lamb's wool not meeting the Camira spec can go through our Direct to Scour model at good prices, clearly dragged up by WNZ's contract position.

Our discussions with Camira included a mutual intent to renew the contract for 2015 supply. In the event that we successfully renew the contract for 2015, we will pay a "renewal loyalty payment" of 15 c/kg on 30 November 2014 based on 2014 grower contract supply volumes.

Grentex

The market price for carpet fleece wool for Grentex has moved up and accordingly we have moved our contract price from \$4.65/kg to \$5.00/kg clean. Any grower already signed up for the Grentex contract will be eligible for the revised price.

Grower Advisory Group

We are building a network of growers to form a "Grower Advisory Group" to better connect with our growers. The aim of this group will be to "road-test" our thinking and our contracts and to get your feedback on how we are doing and how you would like your company to work. More to come on this over the next few weeks.

Surfaces Trade Show, Las Vegas

Following on the heels of the successful Domotex trade show in Germany two weeks ago, the Chairman and I are with our US people at the biggest North American flooring show from 27-30 January. The show is a different format to Domotex where WNZ takes a lead position and sublets space to our partners. At Surfaces, we have a central stand in the "wool" area, that we intend to make the "NZ wool" area. More to come following the show.

Contact Us

As always, please feel free to contact us if you wish to discuss anything.

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