



Cotton Seed Distributors Ltd.

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22nd January 2015

Dear Member,

Further to my December 2014 Chairman's update, on the 24th of December 2014 CSD entered into an agreement to acquire the irrigation property 'Wild Willows' from local growers, Mark and Antwonette Cathcart. Located between Narrabri and Wee Waa, 'Wild Willows' adjoins CSD's existing farms 'Westella' and 'Little Mollee'. These will become fully integrated with both infrastructure and operations and will offer significant synergies, particularly with respect to productive management of water allocations. The acquisition includes both land and water licences and will expand the CSD cotton farming operations by 247ha. This will take CSD's total irrigated farming area to 663ha.

To meet the needs of the future Australian cotton industry, CSD's strategic plan of delivering an average yield improvement of 2 bales/ha for growers by 2020 means that the varieties and technologies offered into the future must be world leading and deliver real value to Australian cotton growers. Varieties containing several potential new biotechnologies coming to market in the next 10 to 15 years will also require CSD to produce and evaluate significant numbers of small and early stage seed increase lines under regulated and controlled farmed area. The increase in irrigated farming area will enable CSD to meet these requirements.

CSD's farming assets will also play an important role in developing and demonstrating other technologies which will assist growers with increasing yields without significantly increasing costs.

It is planned that 'Wild Willows' will be part of CSD's 2015 cotton planting program.

Yours Sincerely,

James Kahl
Chairman