



AUSTRALIAN ALPACA FLEECE LIMITED

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REVISED AAFL GROWER FLEECE ARRANGEMENTS FOR 2011/12

In 2010/11, the previous large Fleece Division losses were overcome. An increase in world alpaca processed tops prices over recent months, and further handling cost reductions, has resulted in *AAFL offering growers increased prices for all fleece delivered to Sunshine that have not as yet been categorized*. However, the Board reserves the right to make changes if necessary, due to fluctuations in currency exchange rates and world alpaca prices.

Experience has proved the need to closely match Australian fleece prices to world alpaca prices. **The Board wishes to continue to purchase ALL types and grades of alpaca fleece as a service to Australian growers.** AAFL will continue to provide free inter-State transport for pressed fleece bales sent to Sunshine from FLO's.

We have adopted a **simpler** system of paying a flat price per kilo for the **WHOLE FLEECE weight, regardless of length, but heavy contamination, lower legs and belly hair should be excluded and placed in rubbish bins.**

The fleece will be graded by our expert classers into **one** of four categories so that a grower purchase price can be set for each fleece.

The fleece categorization criteria will be:

| Category | Expected to have: |
|-----------------|----------------------------------|
| X-Fine | 73% of the fleece under 22 μ |
| Fine | 57% of the fleece under 22 μ |
| Medium | 11% of the fleece under 22 μ |
| Adult | 2% of the fleece under 22 μ |

The following prices in Australian dollars per kg are offered for the 2011/12 season, effective immediately. This will apply to all fleece delivered to Sunshine that at the moment has not been categorized:

| | X-Fine^(*) under 19u | Fine^(*) under 22u | Medium^(*) under 25.5u | Adult^(*) under 32u |
|-----------------------------|--|--|--|---|
| WHITE^(**) | 3.57 (2.70) | 2.96 (2.19) | 1.51 (0.93) | 0.58 (0.30) |
| COLOUR | 2.55 (1.90) | 1.93 (1.40) | 0.26 (0.15) | 0.10 (0.10) |

(*) Prices are A\$/kg of whole shorn fleece including neck and pieces, GST excluded

(**) Includes light fawn 'near-white'

(Bracketed prices for previous year)

The White price increases are 32% for X Fine, 35% for Fine, 62% for Medium, 93% for Adult, the Colour increases are mostly similar.)

Please note- heavily contaminated pieces including lower legs and belly hair should be discarded during shearing. *There should be NO NCV in clip valuations. ALL fleece submitted will be allocated to the four priced categories above.* Please refer to the revised Shearing Manual at www.aaf.com.au under 'Growers Info' > 'Fleece Handling'.

Offer to Purchase Classed and Baled Grower Fleece

The AAFL Board has decided to offer larger growers and regional groups the opportunity to sell pressed bale lots to AAFL on the basis of independent Australian Wool Testing Authority (AWTA) bale test certification.

Pressed bales over 100 kg and up to 170 kg per bale may be offered to AAFL on the basis of a faxed or emailed AWTA test.

AAFL will then offer to purchase individual bales solely on the basis of the AWTA certificate.

Requirements:

1. All baled fleece must be classed.
2. Each bale marked with grower name/AAFL number and bale number.
3. Pressed clean woolpack bale between 100 – 170 kg, weight marked.
4. Machine-sampled bale test sent to AWTA
5. AWTA certificate showing at least:
 - a. Mean micron
 - b. Micron Standard Deviation (SD)
 - c. Micron Coefficient of Variation (CV)
 - d. Comfort Factor
 - e. Fibre Length

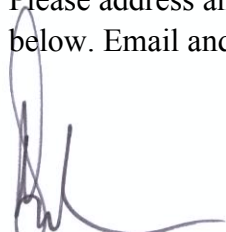
Preferred Qualities for Classed bales for maximum value:

- a. Xfine/ Royal: under 19 μ
- b. Fine/ Baby: under 22 μ
- c. Medium/ Super Fine: under 25.5 μ
- d. Adult/Coarse: under 32 μ

Final Purchase:

AAFL will seek the best option and quote a price for each specific lot. When the supplier accepts the price and terms offered, AAFL will issue a Purchase Order setting out the agreed price and terms. After receipt of the PO, the supplier ships fleece to AAFL.

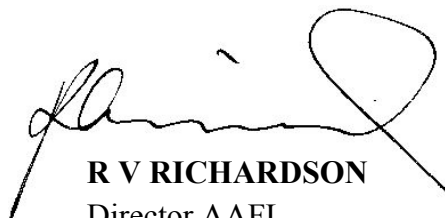
Please address any questions to AAFL directly, or to either of the two AAA breeder Directors below. Email and telephone contacts are at www.aafl.com.au .



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20 September 2011