

DUXTON WATER LIMITED
ACN 611 976 517

BONUS ISSUE PROSPECTUS

For a bonus issue of one (1) Option (**Bonus Option**) for every four (4) Shares held by those Eligible Shareholders registered at the Record Date (**Offer**). No funds will be raised as a result of the Offer.

IMPORTANT NOTICE

This document is important and should be read in its entirety. If, after reading this Prospectus you have any questions about the Securities being offered under this Prospectus or any other matter, then you should consult your professional advisers without delay.

The Bonus Options offered by this Prospectus should be considered as highly speculative.

IMPORTANT NOTICE

This Prospectus is dated 30 October 2023 and was lodged with the ASIC on that date. The ASIC, ASX and their respective officers take no responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates.

No Bonus Options may be issued on the basis of this Prospectus later than 13 months after the date of this Prospectus.

No person is authorised to give information or to make any representation in connection with this Prospectus, which is not contained in this Prospectus. Any information or representation not so contained may not be relied on as having been authorised by the Company in connection with this Prospectus.

It is important that investors read this Prospectus in its entirety and seek professional advice where necessary. The Bonus Options offered by this Prospectus should be considered as highly speculative.

This Prospectus is a transaction specific prospectus for an offer of continuously quoted securities (as defined in the Corporations Act) and has been prepared in accordance with section 713 of the Corporations Act. It does not contain the same level of disclosure as an initial public offering prospectus and is only required to contain information in relation to the effect of the issue of securities on a company and the rights attaching to the securities. It is not necessary to include general information in relation to all of the assets and liabilities, financial position, profits and losses or prospects of the issuing company.

Representations contained in this Prospectus are made taking into account that the Company is a disclosing entity for the purposes of the Corporations Act and certain matters are publicly available information or may reasonably be expected to be known to investors and professional advisers whom prospective investors may consult.

No Investment Advice

The information contained in this Prospectus is not financial product advice or investment advice and does not take into account your financial or investment objectives, financial situation or particular needs (including financial or taxation issues). You should seek professional advice from your accountant, financial adviser,

stockbroker, lawyer or other professional adviser for Bonus Options under this Prospectus to determine whether it meets your objectives, financial situation and needs.

Forward-looking statements

This Prospectus contains forward-looking statements which are identified by words such as 'may', 'could', 'believes', 'estimates', 'targets', 'expects', or 'intends' and other similar words that involve risks and uncertainties.

These statements are based on an assessment of present economic and operating conditions, and on a number of assumptions regarding future events and actions that, as at the date of this Prospectus, are expected to take place.

Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of the Company, the Directors and the Company's management.

The Company cannot and does not give any assurance that the results, performance or achievements expressed or implied by the forward-looking statements contained in this Prospectus will actually occur and investors are cautioned not to place undue reliance on these forward-looking statements.

The Company has no intention to update or revise forward-looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this Prospectus, except where required by law.

These forward-looking statements are subject to various risk factors that could cause the Company's actual results to differ materially from the results expressed or anticipated in these statements. These risk factors are set out in Section 4.

Overseas shareholders

This Offer does not, and is not intended to, constitute an offer in any place or jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer or to issue this Prospectus.

It is not practicable for the Company to comply with the

securities laws of overseas jurisdictions having regard to the number of overseas Shareholders, the number and value of Bonus Options these Shareholders would be offered and the cost of complying with regulatory requirements in each relevant jurisdiction. Accordingly, the Offer is not being extended and Bonus Options will not be issued to Shareholders with a registered address which is outside Australia, New Zealand, Canada, Austria, Hong Kong, Japan, Malaysia, Netherlands, Singapore, Switzerland, Thailand or the United Kingdom.

For further information on overseas Shareholders please refer to Section 2.5.

Continuous disclosure obligations

The Company is a "disclosing entity" (as defined in section 111AC of the Corporations Act) for the purposes of section 713 of the Corporations Act and, as such, is subject to regular reporting and disclosure obligations. Specifically, like all listed companies, the Company is required to continuously disclose any information it has to the market which a reasonable person would expect to have a material effect on the price or the value of the Bonus Options.

This Prospectus is intended to be read in conjunction with the publicly available information in relation to the Company which has been notified to ASX and does not include all of the information that would be included in a prospectus for an initial public offering of securities in an entity that is not already listed on a stock exchange. Investors should therefore have regard to the other publicly available information in relation to the Company before making a decision whether or not to invest.

Having taken such precautions and having made such enquires as are reasonable, the Company believes that it has complied with the general and specific requirements of ASX as applicable from time to time throughout the three months before the issue of this Prospectus which required the Company to notify ASX of information about specified events or matters as they arise for the purpose of ASX making that information available to the stock market conducted by ASX.

Please refer to Section 6.2 for further details.

Target Market Determination

In accordance with the design and distribution obligations under the Corporations Act, the Company has determined the target market for the offer of Options issued under this Prospectus. The Company will only distribute this Prospectus to those investors who fall within the target market determination (TMD) as set out on the Company's website (www.duxtonwater.com.au/).

Electronic Prospectus

A copy of this Prospectus can be downloaded from the website of the Company at www.duxtonwater.com.au/. If you are accessing the electronic version of this Prospectus for the purpose of making an investment in the Company, you must be an Australian resident and must only access this Prospectus from within Australia.

As set out in Section 2.1, no application form is required for this Offer. You may obtain a hard copy of this Prospectus free of charge by contacting the Company by phone on +61 8 8130 9500 during office hours or by emailing the Company Secretary at enquiries@duxtonwater.com.au

Company Website

No documents or other information available on the Company's website is incorporated into this Prospectus by reference.

Financial forecasts

The Directors have considered the matters set out in ASIC Regulatory Guide 170 and believe that they do not have a reasonable basis to forecast future earnings on the basis that the operations of the Company are inherently uncertain. Accordingly, any forecast or projection information would contain such a broad range of potential outcomes and possibilities that it is not possible to prepare a reliable best estimate forecast or projection.

Clearing House Electronic Sub-Register System (CHESS) and Issuer Sponsorship

The Company will apply to participate in CHESS, for those investors who have, or wish to have, a sponsoring stockbroker. Investors who do not wish to participate through CHESS will be issuer sponsored by the Company.

Electronic sub-registers mean that the Company will not be issuing certificates to investors. Instead, investors will be provided with statements (similar to a bank account statement) that set out the number of Bonus Options issued to

them under this Prospectus. The notice will also advise holders of their Holder Identification Number or Security Holder Reference Number and explain, for future reference, the sale and purchase procedures under CHESS and issuer sponsorship.

Electronic sub-registers also mean ownership of securities can be transferred without having to rely upon paper documentation. Further monthly statements will be provided to holders if there have been any changes in their security holding in the Company during the preceding month.

Photographs and Diagrams

Photographs used in this Prospectus which do not have descriptions are for illustration only and should not be interpreted to mean that any person shown endorses the Prospectus or its contents or that the assets shown in them are owned by the Company. Diagrams used in this Prospectus are illustrative only and may not be drawn to scale.

Definitions and Time

Unless the contrary intention appears or the context otherwise requires, words and phrases contained in this Prospectus have the same meaning and interpretation as given in the Corporations Act and capitalised terms have the meaning given in the Glossary in Section 8.

All references to time in this Prospectus are references to Australian Central Daylight Time.

Privacy statement

The Company collects, holds and will use that information to assess your application, service your needs as a Shareholder and to facilitate distribution payments and corporate communications to you as a Shareholder.

The information may also be used from time to time and disclosed to persons inspecting the register, including bidders for your securities in the context of takeovers, regulatory bodies including the Australian Taxation Office, authorised securities brokers, print service providers, mail houses and the share registry.

You can access, correct and update the personal information that we hold about you. If you wish to do so, please contact the share registry at the relevant contact number set out in this Prospectus.

Collection, maintenance and disclosure of certain personal information is governed by legislation including the Privacy Act

1988 (as amended), the Corporations Act and certain rules such as the ASX Settlement Operating Rules. You should note that if you do not provide the information required on the application for Bonus Options, the Company may not be able to accept or process your application.

Enquiries

If you are in any doubt as to how to deal with any of the matters raised in this Prospectus, you should consult with your broker or legal, financial or other professional adviser without delay. Should you have any questions about the Offers or how to accept the Offer please call the Company Secretary on +61 8 8130 9500

CORPORATE DIRECTORY

Directors

Edouard Peter
Non-Executive Chairman

Stephen Duerden
Non-Executive Director

Dirk Wiedmann
Non-Executive Director

Dennis Mutton
Non-Executive Director

Vivienne Brand
Non-Executive Director

Brendan Rinaldi
Non-Executive Director

Company Secretary

Katelyn Adams

Registered Office

7 Pomona Road
STIRLING SA 5152

Telephone: + 61 8 8130 9500

Email: enquiries@duxtonwater.com.au

Website: www.duxtonwater.com.au/

Auditor*

KPMG
151 Pirie Street
ADELAIDE SA 5000

Share Registry*

Computershare
Level 5
115 Grenfell Street
ADELAIDE SA 5000

Legal Advisers to the Offer

Steinepreis Paganin
Lawyers and Consultants
Level 4, The Read Buildings
16 Milligan Street
PERTH WA 6000

* These entities are included for information purposes only. They have not been involved in the preparation of this Prospectus and have not consented to being named in this Prospectus.

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1. KEY OFFER INFORMATION

1.1 Timetable*

Announcement of Offer to ASX	Monday, 3 July 2023
Release of Appendix 3B to ASX	Monday, 30 October 2023
Lodgement of Prospectus with the ASIC	Monday, 30 October 2023
Lodgement of Prospectus with ASX	Monday, 30 October 2023
Ex date	Thursday, 2 November 2023
Record Date for the Offer	Friday, 3 November 2023
Issue date and lodgement of Appendix 2A with ASX applying for quotation of the Bonus Options	Thursday, 9 November 2023
Quotation of Bonus Options issued under the Offer	Friday, 10 November 2023

* The above timetable is indicative only and subject to change. The Company reserves the right to amend any or all of these dates and times subject to the Corporations Act, the ASX Listing Rules and other applicable laws. The commencement of quotation of the Bonus Options is subject to confirmation from ASX.

1.2 Key Offer Information

Ratio	1 Bonus Option for 4 Shares held at the Record Date
Issue Price per Bonus Option	Nil
Exercise Price of Bonus Options	\$1.92
Expiry Date of Bonus Options	10 May 2026
Quotation terms	Quoted (subject to ASX confirmation)
Maximum Bonus Options to be issued under Offer¹	38,180,145
Maximum proceeds of Offer	Nil

Notes:

1. Assumes that no additional Shares are issued prior to the Record Date. The Company notes the actual number of Bonus Options to be issued may vary due to rounding of individual entitlements.

2. DETAILS OF THE OFFER

2.1 The Offer

The Offer is being made as a bonus issue of one (1) Bonus Option for every four (4) Shares held by Eligible Shareholders registered at the Record Date, to be issued for nil consideration.

All of the Bonus Options offered under this Prospectus will be issued with an exercise price of \$1.92 and an expiry date of 10 May 2026. Full terms and conditions of the Bonus Options are set out in Section 5.1 of this Prospectus.

Fractional entitlements will be round up to the nearest whole number. All references to numbers of Bonus Options to be issued pursuant to this Prospectus are expressed subject to rounding.

Based on the capital structure of the Company as at the date of this Prospectus and the number of Shareholders located in Australia, New Zealand, Canada, Austria, Hong Kong, Japan, Malaysia, Netherlands, Singapore, Switzerland, Thailand or the United Kingdom to whom the Offer is made (and assuming no additional Shares are issued prior to the Record Date), a maximum of 38,180,145 Bonus Options will be issued pursuant to this Offer. No funds will be raised as a result of the Offer.

As at the date of this Prospectus the Company does not have any convertible securities on issue that may be exercised prior to the Record Date in order to participate in the Offer.

All of the Shares issued upon the future exercise of the Bonus Options offered under this Prospectus will rank equally with the Shares on issue at the date of this Prospectus. Please refer to Section 5.2 for further information regarding the rights and liabilities attaching to the Shares.

As this is a bonus issue of Options, Eligible Shareholders are not required to apply for Bonus Options and, as such, there is no application form attached to this Prospectus for the Offer.

2.2 Minimum subscription

There is no minimum subscription.

2.3 ASX listing

In the event that the Company meets the requirements for quotation of a second class of securities under the Listing Rules, application for Official Quotation of the Bonus Options offered pursuant to this Prospectus will be made in accordance with the timetable set out at the commencement of this Prospectus. If ASX does not grant Official Quotation of the Bonus Options offered pursuant to this Prospectus, or if the Company does not meet the minimum requirements to be granted Official Quotation of the Bonus Options, then the Bonus Options will still be issued, however will not be quoted on ASX.

The fact that ASX may grant Official Quotation to the Bonus Options is not to be taken in any way as an indication of the merits of the Company or the Bonus Options now offered for subscription.

2.4 Issue of Bonus Options

As noted in Section 2.1, **no application form is required** and the Bonus Options issued pursuant to the Offer will be issued in accordance with the ASX Listing Rules and timetable set out at the commencement of this Prospectus.

Holding statements for the Bonus Options issued under the Offer will be mailed as soon as practicable after the issue.

2.5 Overseas shareholders

This Offer does not, and is not intended to, constitute an offer in any place or jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer or to issue this Prospectus.

It is not practicable for the Company to comply with the securities laws of overseas jurisdictions having regard to the number of overseas Shareholders, the number and value of Securities these Shareholders would be offered and the cost of complying with regulatory requirements in each relevant jurisdiction. Accordingly, the Offer is not being extended and Shares will not be issued to Shareholders with a registered address which is outside Australia, New Zealand, Canada, Austria, Hong Kong, Japan, Malaysia, Netherlands, Singapore, Switzerland, Thailand or the United Kingdom.

New Zealand

The Bonus Options are not being offered to the public within New Zealand other than to existing shareholders of the Company with registered addresses in New Zealand to whom the offer of these securities is being made in reliance on the transitional provisions of the Financial Markets Conduct Act 2013 (New Zealand) and the Financial Markets Conduct (Incidental Offers) Exemption Notice 2021 (New Zealand).

This Prospectus has been prepared in compliance with Australian law and has not been registered, filed with or approved by any New Zealand regulatory authority. This document is not a product disclosure statement under New Zealand law and is not required to, and may not, contain all the information that a product disclosure statement under New Zealand law is required to contain.

Canada – Alberta and British Columbia provinces only

This Prospectus constitutes an offering of the Bonus Options in the Canadian provinces of Alberta and British Columbia (the "Province") where existing Shareholders of the Company are resident. This Prospectus is not, and under no circumstances is to be construed as, an advertisement or a public offering of securities in the Province.

No securities commission or other authority in the Province has reviewed or in any way passed upon this Prospectus, the merits of the Bonus Options and any representation to the contrary is an offence.

No prospectus has been, or will be, filed in the Province with respect to the offering of Bonus Options or the resale of such securities. Any person in the Province lawfully participating in the offer will not receive the information, legal rights or protections that would be afforded had a prospectus been filed and receipted by the securities regulator in the applicable Province.

Any resale of the Bonus Options in Canada must be made in accordance with applicable Canadian securities laws, which may require resales to be made in accordance with an exemption from prospectus requirements. Such resale restrictions do not apply to a first trade in a security (such as Options) of a foreign issuer (such as the Company) that is not a reporting issuer in Canada and that is made through an exchange or market outside of Canada (such as ASX).

The Company as well as its directors and officers may be located outside Canada and, as a result, it may not be possible for purchasers to effect service of process within Canada upon the Company or its directors or officers. All or a substantial portion of the assets of the Company and such persons may be located outside Canada and, as a result, it may not be possible to satisfy a judgment against the Company or such persons in Canada or to enforce a judgment obtained in Canadian courts against the Company or such persons outside Canada.

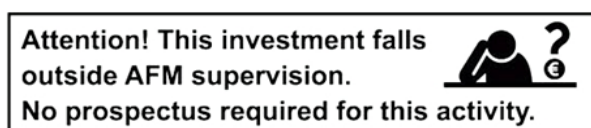
European Union – Austria and the Netherlands only

This Prospectus has not been, and will not be, registered with or approved by any securities regulator in Austria, the Netherlands or elsewhere in the European Union. Accordingly, this Prospectus may not be made available, nor may the Bonus Options be offered or issued, in Austria or the Netherlands except in circumstances that do not require a prospectus under Article 1(4) of Regulation (EU) 2017/1129 of the European Parliament and the Council of the European Union (the "Prospectus Regulation").

In accordance with Article 1(4) of the Prospectus Regulation, an offer of Options in Austria and the Netherlands is limited:

- to persons who are "qualified investors" (as defined in Article 2(e) of the Prospectus Regulation);
- to fewer than 150 natural or legal persons (other than qualified investors); or
- in any other circumstance falling within Article 1(4) of the Prospectus Regulation.

Investors in the Netherlands should note:



Hong Kong

WARNING: This Prospectus may be distributed in Hong Kong only to existing Shareholders of the Company. This Prospectus may not be distributed, published, reproduced or disclosed (in whole or in part) to any other person in Hong Kong or used for any purpose in Hong Kong other than in connection with the recipient's consideration of the Offer.

You are advised to exercise caution in relation to the Offer. If you are in doubt about any contents of this Prospectus, you should obtain independent professional advice.

This Prospectus has not been reviewed by any Hong Kong regulatory authority. In particular, this Prospectus has not been, and will not be, registered as a

prospectus under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of the Laws of Hong Kong, nor has it been authorised by the Securities and Futures Commission in Hong Kong under Securities and Futures Ordinance (Cap. 571) of the Laws of Hong Kong.

Japan

The Bonus Options have not been, and will not be, registered under Article 4, paragraph 1 of the Financial Instruments and Exchange Law of Japan (Law No. 25 of 1948), as amended (the "FIEL") pursuant to an exemption from the registration requirements applicable to a private placement of securities to a small number of investors. This Prospectus is for the exclusive use of existing Shareholders of the Company in connection with the Offer. This Prospectus is confidential to the person to whom it is addressed and must not be distributed, reproduced or disclosed (in whole or in part) to any other person in Japan other than by the Company to its Shareholders.

Malaysia

No approval from, or recognition by, the Securities Commission of Malaysia has been or will be obtained in relation to the offer of Bonus Options. The Bonus Options may not be offered, sold or issued in Malaysia except to existing Shareholders of the Company.

Singapore

This Prospectus and any other materials relating to the Bonus Options have not been, and will not be, lodged or registered as a prospectus in Singapore with the Monetary Authority of Singapore. Accordingly, this Prospectus and any other document relating to the Bonus Options may not be issued, circulated or distributed, nor may the Bonus Options be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore except pursuant to and in accordance with exemptions in Subdivision (4) Division 1, Part 13 of the Securities and Futures Act 2001 of Singapore (the "SFA") or another exemption under the SFA.

This document has been given to you on the basis that you are an existing holder of the Company's Shares. If you are not such a Shareholder, please return this document immediately. You may not forward or circulate this Prospectus to any other person in Singapore.

Any offer is not made to you with a view to the Bonus Options or the underlying Shares being subsequently offered for sale to any other party in Singapore. On-sale restrictions in Singapore may be applicable to investors who acquire Bonus Options. As such, investors are advised to acquaint themselves with the SFA provisions relating to resale restrictions in Singapore and comply accordingly.

Switzerland

The Bonus Options may not be publicly offered in Switzerland and will not be listed on the SIX Swiss Exchange or on any other stock exchange or regulated trading facility in Switzerland. Neither this Prospectus nor any other offering or marketing material relating to the Bonus Options constitutes a prospectus or a similar notice as such terms are understood pursuant to art. 35 of the Swiss Financial Services Act (FinSA) or the listing rules of any stock exchange or regulated trading facility in Switzerland. Neither this Prospectus nor any other offering or marketing material relating to the Bonus Options or the offering may be publicly distributed or otherwise made publicly available in Switzerland.

Neither this Prospectus nor any other offering or marketing material relating to the offering, the Company or the Bonus Options have been or will be filed with or approved by any Swiss regulatory authority or authorized review body. In particular, this Prospectus will not be filed with, and the offer of Bonus Options will not be supervised by, the Swiss Financial Market Supervisory Authority (FINMA).

This document may be distributed in Switzerland only to existing Shareholders of the Company and is not for general circulation in Switzerland.

Thailand

This Prospectus is not intended to be an offer, sale or invitation for subscription or purchase of securities in Thailand. This Prospectus has not been registered as a prospectus with the Office of the Securities and Exchange Commission of Thailand. Accordingly, this Prospectus and any other document relating to the offer, sale or invitation for subscription or purchase, of the Bonus Options may not be circulated or distributed, nor may the Bonus Options be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to the public of Thailand. This Prospectus may be distributed in Thailand only to existing Shareholders of the Company.

United Kingdom

Neither this Prospectus nor any other document relating to the offer of Bonus Options has been delivered for approval to the Financial Conduct Authority in the United Kingdom and no prospectus (within the meaning of section 85 of the Financial Services and Markets Act 2000, as amended ("FSMA")) has been published or is intended to be published in respect of the Bonus Options.

The Bonus Options may not be offered or sold in the United Kingdom by means of this Prospectus or any other document, except in circumstances that do not require the publication of a prospectus under section 86(1) of the FSMA. This Prospectus is issued on a confidential basis in the United Kingdom to fewer than 150 persons who are existing Shareholders of the Company. This Prospectus may not be distributed or reproduced, in whole or in part, nor may its contents be disclosed by recipients, to any other person in the United Kingdom.

Any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received in connection with the issue or sale of the Bonus Options has only been communicated or caused to be communicated and will only be communicated or caused to be communicated in the United Kingdom in circumstances in which section 21(1) of the FSMA does not apply to the Company.

In the United Kingdom, this Prospectus is being distributed only to, and is directed at, persons (i) who have professional experience in matters relating to investments falling within Article 19(5) (investment professionals) of the Financial Services and Markets Act 2000 (Financial Promotions) Order 2005 ("FPO"), (ii) who fall within the categories of persons referred to in Article 49(2)(a) to (d) (high net worth companies, unincorporated associations, etc.) of the FPO or (iii) to whom it may otherwise be lawfully communicated (together "relevant persons"). The investment to which this Prospectus relates is available only to relevant persons. Any person who is not a relevant person should not act or rely on this Prospectus.

3. PURPOSE AND EFFECT OF THE OFFER

3.1 Purpose of the Offer

The purpose of the Offer is to reward Shareholders for supporting the Company and to provide the Company with a potential source of additional capital if Bonus Options are exercised. No funds will be raised through the issue of the Bonus Options pursuant to this Prospectus, however if all the Bonus Options are exercised, the Company will receive approximately \$73,305,877 by virtue of payment of the exercise price.

An additional purpose of the Offer is to remove any trading restrictions attaching to Shares issued on exercise of the Bonus Options issued under this Prospectus, so that, subject to ASX granting quotation of the Bonus Options, the investors who receive the Bonus Options will be enabled to trade those Bonus Options on a listed, public financial market, being the financial market operated by the ASX.

3.2 Effect of the Offer

The principal effect of the Offer, assuming all Bonus Options offered under the Prospectus are issued and no additional Shares are issued prior to the Record Date (including by exercise of Options), will be to increase the number of Options on issue from 0 as at the date of this Prospectus to 38,180,145 Options.

The Company will receive \$1.92 for each Bonus Option exercised and raise additional funds of approximately \$73,305,877 if all Bonus Options are exercised. The likelihood of the Company raising the additional capital through the exercise of the Bonus Options is dependent on the price of the Shares from time to time until the Bonus Options expire.

3.3 Financial effect of the Offer

The Bonus Options to be issued pursuant to the Offer will be issued for no consideration. Accordingly, there will be no immediate effect on the Company's balance sheet. However, capital will be raised if the Bonus Options are exercised, which will affect the Company's balance sheet.

The Company is unable to specify with any certainty the extent of any change to the balance sheet, given that there is no certainty if or when any of the Bonus Options will be exercised.

The expenses of the Offer will be met from the Company's existing cash reserves. Accordingly, the Offer will have an effect on the Company's financial position, being a decrease in the Company's existing cash reserves.

3.4 Effect on capital structure

The effect of the Offer on the capital structure of the Company, is set out below.

Shares

	Number
Shares currently on issue	152,720,578
Shares offered pursuant to the Offer	Nil
Total Shares on issue after completion	152,720,578

	Number
of the Offer	

Options

	Number
Options currently on issue	Nil
Bonus Options to be issued pursuant to the Offer	38,180,145
Total Options on issue after completion of the Offer	38,180,145

3.5 Directors' Interests in Securities

The relevant interest of each of the Directors in the Securities of the Company as at the date of this Prospectus, together with their respective Entitlement, is set out in the table below:

Director	Shares	Bonus Option Entitlement
Edouard Peter	7,324,677	1,831,170
Stephen Duerden	114,460	28,615
Dirk Wiedmann	1,554,545	388,637
Dennis Mutton	65,795	16,449
Vivienne Brand	11,328	2,832
Brendan Rinaldi	12,500	3,125

3.6 Details of Substantial Holders

Based on publicly available information as at the date of this Prospectus, those persons which (together with their associates) have a relevant interest in 5% or more of the Shares on issue are set out below:

Shareholder	Shares	%
BNP Paribas NOMS Pty Ltd ¹	13,746,905	9.00%
HSBC Custody Nominees (Australia) Limited	10,081,328	6.60%
RPG Management Pty Ltd and associated entities	8,554,434	5.60%
Regal Funds Management Pty Ltd ²	10,936,353	7.16%

Notes:

1. An entity associated with Director, Edouard Peter.

2. Regal Partners Ltd holds a relevant interest as the controller of Regal Funds Management Pty Ltd.

The Offer will have no effect on the quantity of Shares held by the substantial shareholders or the relevant interests held as only Options are being issued.

4. RISK FACTORS

4.1 Introduction

The Bonus Options offered under this Prospectus should be considered as highly speculative and an investment in the Company is not risk free.

The Directors strongly recommend that prospective investors consider the risk factors set out in this Section 4, together with all other information contained in this Prospectus.

The future performance of the Company and the value of the Securities may be influenced by a range of factors, many of which are largely beyond the control of the Company and the Directors. The key risks associated with the Company's business, the industry in which it operates and general risks applicable to all investments in listed securities and financial markets generally are described below.

The risks factors set out in this Section 4, or other risk factors not specifically referred to, may have a materially adverse impact on the performance of the Company and the value of the Bonus Options. This Section 4 is not intended to provide an exhaustive list of the risk factors to which the Company is exposed.

Before determining whether to invest in the Company you should ensure that you have a sufficient understanding of the risks described in this Section 4 and all of the other information set out in this Prospectus and consider whether an investment in the Company is suitable for you, taking into account your objectives, financial situation and needs.

If you do not understand any matters contained in this Prospectus or have any queries about whether to invest in the Company, you should consult your accountant, financial adviser, stockbroker, lawyer or other professional adviser.

4.2 Company specific

Risk Category	Risk
Potential for dilution	<p>Upon implementation of the Offer, assuming all Bonus Options offered under the Prospectus are issued and no additional Shares are issued, including exercise of Options, prior to the Record Date, the number of Options in the Company will increase from 0 currently on issue to 38,180,145.</p> <p>This means that if the Bonus Options are exercised and Shares are issued on exercise of those Bonus Options, each Share will represent a significantly lower proportion of the ownership of the Company.</p>
Currently no market	<p>There is currently no public market for the Company's Bonus Options, accordingly the price of the Bonus Options is subject to uncertainty and there can be no assurance that, if the Bonus Options are quoted, an active market for the Company's Bonus Options will develop or continue after the Offer.</p> <p>It is not possible to predict the value of the Company's Bonus Options or Shares following the Offer, and the Director do not make any representations as to such</p>

Risk Category	Risk
	<p>matters.</p> <p>The last trading price of Shares on ASX prior to the Prospectus being lodged of \$1.635 per Share is not a reliable indicator as to the potential trading price of the Bonus Options after implementation of the Offer.</p>
<p>Risk of Shares trading below net asset value (NAV) and Options having no value</p>	<p>The Shares of the Company may trade on the ASX at a discount to the NAV of the Water Entitlements portfolio on a per Share basis and the performance of the Shares may not be correlated with the performance of Water Entitlements portfolio. The Options may also have no value, particularly if the Shares trade below the exercise price of \$1.92 per Share.</p>
<p>Deployment risk</p>	<p>The ability of the Company to generate attractive yields for investors is dependent on its capacity to deploy funds in the water market. For example, if at a certain point in time the Investment Manager did not believe that the purchase of any Water Entitlements in the market would provide attractive yields to investors, the Investment Manager would not invest.</p>
<p>Market risk</p>	<p>Macroeconomic risks such as movements in interest rates, commodities prices and inflation have the potential to adversely impact the value of assets. Significant fluctuations in macroeconomic factors may cause volatility in the value of Water Entitlements and Water Allocations, resulting in poor returns.</p>
<p>Diversification risk</p>	<p>The Company's key strategy in active investment is diversification to mitigate risk. However, whilst the Company will target portfolio diversification across security classes, Water Entitlement types and geographical regions, due to the timing of deployment of funds, the Company may be concentrated on certain Water Entitlements. Consequently, a lack of diversification during periods when capital is yet to be invested may adversely impact the performance of the Company.</p>
<p>Leverage risk</p>	<p>The Company has the right to use leverage in order to enhance shareholder returns. This has the ability to magnify losses to the portfolio. With the use of debt, the Company is exposed to changes in interest rates. An increase in interest rates if debt were utilised could have an adverse effect on future financial performance.</p>
<p>Reliance on the Investment Manager</p>	<p>The investment decisions made by the Investment Manager of the Company are key to achieving the investment objectives. Failure to develop and implement adequate strategies may adversely impact the performance of the Company.</p>
<p>Key lessee risks and other lessee risks</p>	<p>The Company's financial performance is subject to counterparties continuing to fulfil their obligations under various contracts. The Company anticipates many of its Water Entitlements will be subject to long-term lease</p>

Risk Category	Risk
	arrangements. If a lessee defaults, this could adversely effect the revenue generated by the Company. If the Company or one of its counter-parties fails to adequately perform their contractual obligations, this may result in a loss of earnings, termination of the particular contract, disputes and or litigation. The Company aims to minimise key lessee risk by leasing Water Entitlements to a diverse range of counterparties that differ geographically by river system, lease size, Water Entitlement type, as well as through commodity exposure.
Other clients of the Investment Manager	From time to time, the Investment Manager and its related parties advise others regarding Australian Water Entitlements in the future. The potential for oversight when managing multiple clients may expose the Investment Manager to conflicts of interest. Furthermore the Investment Manager or its related parties may have other investments which may represent a conflict of interest.
Key person risk	The success of the Company depends on the ability to retain the members of the Board and for the Investment Manager to retain as well as attract talented personnel. The Company has executed an Investment Management Agreement and a key terms of reference with each Director, but this does not guarantee continued involvement of Board members or employment of key personnel of the Investment Manager. The loss of key employees of the Investment Manager could cause material disruption to the business and operations of the Company and have a material adverse effect on future financial performance.
Capital depreciation risk	Water Entitlements have historically generated capital growth. However, past performance of Water Entitlements is not a reliable indicator of the future performance of Water Entitlements. Water Entitlements are classified as intangible assets and accounted for under AASB 138 Intangible Assets. Under the current interpretation, Water Entitlements are deemed to have an indefinite useful life, and as such, they are not subject to depreciation or amortisation.

4.3 Industry specific

Risk Category	Risk
Government buy-back	The Australian Government's Murray-Darling Basin (MDB Plan) involves a water buy-back program in order to address the environmental sustainability of the MDB. This buy-back program involves the Australian Government purchasing Water Entitlements from willing sellers in the MDB and allocating this water to environmental flows. The MDB Plan also incorporates an

Risk Category	Risk
	<p>\$5.8 billion program to improve water infrastructure to reduce transmission and evaporation losses through investment. Buy-backs by the Australian Government (for instance, following an upgrade of the MDB Plan) will result in less Water Entitlements being on issue and available for consumption, increasing the scarcity of such assets and impacting their price. The participation of the Australian Government in the market may also temporarily distort market fundamentals and reduce opportunities for the Fund to acquire Water Entitlements at appropriate values.</p>
<p>Legal, political, tax and regulatory risks</p>	<p>Water Entitlements are conferred by or under state law. Changes in laws, regulations and Government policy may affect the Company's core business of acquiring and leasing Water Entitlements and Water Allocations. This includes regulatory changes to the Murray-Darling Basin Plan, as well as changes to environmental water and sharing plans at both state and federal levels. These changes may affect the liquidity, transferability, and value of Australian Water Entitlements and Water Allocations. Historically, governments have allowed transitional periods in order for the market to adapt to any changes in regulations. The regulatory and political environment, such as the tax and legal structure surrounding Water Entitlements and the investment vehicle, is subject to change. Such change has the potential to adversely impact the Company's performance and the return on investment to Shareholders.</p>
<p>Commonwealth environmental water holder</p>	<p>The Commonwealth Environmental Water Holder (CEWH) is responsible for the control and management of the Government's water portfolio. The CEWH is the single largest holder of Water Entitlements in the MDB. CEWH is only permitted to sell water to the market in limited circumstance. In particular, the CEWH may sell annual Water Allocations and Water Entitlements if they are not required to meet environmental objectives and if the water cannot be carried over to the next water year. Annual Water Allocations and Water Entitlements may also be sold if the proceeds are used to acquire other water that will improve the capacity to protect and restore the environment. As a result of these legislative requirements, the Company anticipates CEWH's role as a seller in the water market will be relatively limited, particularly in times of drought reduced water supply. As the largest holder of Water Entitlements in Australia, the CEWH could sell large volumes of Water Allocations once the environmental requirements are met. This could place downward pressure on the price of Water Entitlements, lowering the Company's NAV.</p>
<p>Allocation risk</p>	<p>The size of Water Allocations is dependent on water availability which is influenced by factors including</p>

Risk Category	Risk
	<p>timing, location and magnitude of rainfall and the extent to which allocations have been utilised in the previous financial year. The Company is dependent on Water Allocations being made available by the relevant authorities in order to lease or sell the Company's water assets for income purposes. A prolonged period of lower than average rainfall, resulting in low or zero Water Allocations may significantly impair the Company's ability to sell/lease the Water Allocations for financial gain, and have a negative impact on financial performance. Water Allocations may also be adversely affected by changes to water management or water sharing plans.</p>
<p>Water allocation and entitlement price fluctuations</p>	<p>The Company derives a significant portion of its income from the lease of Water Allocations to counter-parties, which is subject to market fluctuations. Negative price movements may adversely impact the revenue generated from the Company's Water Entitlement portfolio and therefore the financial performance of the Company.</p>
<p>Extreme weather events risk</p>	<p>The supply and demand of water is significantly influenced by extreme weather conditions. For example too much rain and flooding would significantly increase the supply of water, driving down prices. In the case of a drought, the supply of water is significantly reduced, driving up water prices. As such, extreme weather events may impact the value of the Water Entitlements held in the Company's portfolio.</p>
<p>Australian agriculture and foreign exchange risk</p>	<p>The demand for water is significantly dependent on the water use of the Australian agricultural industry. The Company's performance is exposed to a number of underlying agricultural commodity prices. Any adverse commodity price movements may make production by irrigators uneconomic and therefore impact on the demand for the Company's water or the ability to pay the prevailing rate for water. The agricultural industry is also driven, in part, by the demand and supply dynamics of export markets. As such, if the Australian dollar was to significantly change in value, the demand for Australian agriculture would also shift dramatically. Consequently, the production of agriculture would shift (either between industries or between countries) and the demand for water would respond accordingly, impacting water prices and the value of the Company's portfolio.</p>
<p>Settlement and title risk</p>	<p>Water Allocation or Water Entitlements transactions may not reach settlement for a number of reasons, including counter-party default due to adverse changes in economic conditions, water conditions, and the legal and regulatory environment or settlements may be delayed. This may impact the returns generated on the Company's assets. Titles issued by relevant water authorities are also not guaranteed by the water</p>

Risk Category	Risk
	authority which may lead to a dispute over correct ownership.
Cyclical risk	The demand for water, as an essential input to agricultural, industrial and mining operations, is impacted by economic and commodity cycles. As such cyclical lows may place downward pressure on the price of Water Allocations and/ or Water Entitlements, impacting the Company by reducing either the yield of the portfolio or the net asset value of the Company.
Technology risk	Advances in technology, such as desalination plants and water transfer infrastructure, may increase the supply of water. If this was to occur, downward pressure would be placed on water prices, which would impact on the net asset value of the portfolio.
Structural risk	As irrigators become more water-efficient (e.g. through technological adoption and crop modification), water demand may decrease, impacting the price of water in the market. This could adversely impact the financial performance of the Company.
Climate change	Advancing variability in climate and weather patterns may have an impact on water quality and water availability. The demand and supply of water available for consumptive use will respond to these changes, accordingly, impacting the price of water. There is a risk that climate change could mean the Company is unable to benefit from rainfall and reliable water sources, which could have an adverse effect on the future financial performance of the Company.
Thinly-traded assets and liquidity risk	In some regions, Water Entitlements and Water Allocations are thinly traded, increasing the difficulty in obtaining a fair and accurate valuation of the asset. As a consequence, the realisable value of the Water Entitlements may be less than the apparent value or it may take a long period of time before the investment is able to be realised at market value.
Water market competition risk	An increase in water market participants may impact the price of Water Entitlements and Water Allocations. This would likely impact the value of the Company's portfolio.
Loss of carryover	The Investment Manager may elect that Water Allocations, which have not been leased, be carried over from one year to the next where permissible based on the jurisdiction and Water Entitlement class. This strategy may be implemented during times that Water Allocation prices are depressed. For example during times of excessive oversupply during flooding this strategy may be implemented. This strategy is subject to

Risk Category	Risk
	the risk that carryover Water Allocations may be cancelled if the water storage associated with that Water Entitlement overflows due to flooding.
Breach of water entitlement conditions	Water Entitlements can be cancelled by a relevant water authority if there is a breach of conditions of a Water Entitlement. Those conditions vary depending on the jurisdiction and type of Water Entitlement but generally include cancellation due to over-use. Cancellation of a Water Entitlement would negatively affect the value of the Company's portfolio.
Market size and liquidity risk	The estimated value of Australian Water Entitlements on issue within the Southern Murray-Darling Basin is \$32.3 billion (AUD) as of 30 June 2023. The turnover of Australian Water Entitlements is relatively small when compared to the aggregate market, with an approximate average annual turnover of 3%. During the 2022-2023 season, entitlements turnover was 156 GL valued close to \$718 million. The average annual turnover in Water Allocations over the same period was 6,939 GL. With limited market activity, the small market size poses a liquidity risk for the Company, creating pricing and capacity considerations.

4.4 General risks

Risk Category	Risk
Additional requirements for capital	The Company's capital requirements depend on numerous factors. The Company may require further financing in addition to the amounts raised under the Offer. Any additional equity financing will dilute shareholdings, and debt financing, if available, may involve restrictions on financing and operating activities. There is however, no guarantee that the Company will be able to secure any additional funding or be able to secure funding on terms favourable to the Company.
Market conditions	Share market conditions may affect the value of the Company's Shares and Bonus Options regardless of the Company's operating performance. Share market conditions are affected by many factors such as: <ul style="list-style-type: none"> (a) general economic outlook; (b) introduction of tax reform or other new legislation; (c) interest rates and inflation rates; (d) changes in investor sentiment toward particular market sectors; (e) the demand for, and supply of, capital; and (f) terrorism or other hostilities.

Risk Category	Risk
	<p>The market price of Shares and Options can fall as well as rise and may be subject to varied and unpredictable influences on the market. Neither the Company nor the Directors warrant the future performance of the Company or any return on an investment in the Company.</p> <p>Applicants should be aware that there are risks associated with any investment in Securities listed on the stock market. These factors may materially affect the market price of the Company's Shares and Bonus Options regardless of the Company's performance.</p>
Insurance	<p>The Company intends to insure its operations in accordance with industry practice. However, in certain circumstances the Company's insurance may not be of a nature or level to provide adequate insurance coverage.</p> <p>The occurrence of an event that is not covered or fully covered by insurance could have a material adverse effect on the business, financial condition and results of the Company.</p> <p>Insurance of all risks is not always available and where available the costs can be prohibitive.</p>
Force Majeure	<p>The Company's projects now or in the future may be adversely affected by risks outside the control of the Company including labour unrest, civil disorder, war, subversive activities or sabotage, fires, floods, explosions or other catastrophes, epidemics or quarantine restrictions.</p>
Taxation	<p>The acquisition and disposal of Shares and Bonus Options will have tax consequences, which will differ depending on the individual financial affairs of each investor. All potential investors in the Company are urged to obtain independent financial advice about the consequences of acquiring Shares and Bonus Options from a taxation viewpoint and generally.</p> <p>To the maximum extent permitted by law, the Company, its officers and each of their respective advisors accept no liability and responsibility with respect to the taxation consequences of the allotment of Bonus Options under this Prospectus.</p>
Litigation Risks	<p>The Company is exposed to possible litigation risks including, environmental claims, occupational health and safety claims. Further, the Company may be involved in disputes with other parties in the future which may result in litigation. Any such claim or dispute if proven, may impact adversely on the Company's operations, reputation, financial performance and</p>

Risk Category	Risk
	financial position. The Company is not currently engaged in any litigation.
Pandemics	The impact of COVID-19 or any future pandemic is not able to be predicted. However, there is a risk that economic conditions and government restrictions in relation to a pandemic may adversely impact the Company including the value of any of its investments, or the Company's ability to generate income and pay dividends.
Cyber security	The Company stores data in its own systems and networks and also with a variety of third party service providers. Exploitation or hacking of any of the Company's systems or networks could lead to corruption, theft or loss of the data which could have a material adverse effect on the Company's business, financial condition and results. Further, if the Company's systems, networks or technology are subject to any type of 'cyber' crime, its technology may be perceived as unsecure which may lead to a decrease in the number of customers. The Company adopts security measures considered appropriate for the nature of the data that it stores and is constantly reviewing its cyber security arrangements.

4.5 Speculative investment

The risk factors described above, and other risks factors not specifically referred to, may have a materially adverse impact on the performance of the Company and the value of the Bonus Options.

Prospective investors should consider that an investment in the Company is highly speculative.

The Bonus Options offered under this Prospectus carry no guarantee in respect of value, profitability, dividends, return of capital or the price at which the Shares and Bonus Options (subject to satisfying ASX of the quotation requirements set out in Chapter 2 of the ASX Listing Rules) may trade on the ASX.

You should read this Prospectus in its entirety and consider all factors, taking into account your objectives, financial situation and needs.

5. RIGHTS AND LIABILITIES ATTACHING TO SECURITIES

5.1 Terms of Bonus Options

The following are the terms and conditions of the Bonus Options:

(a) **Entitlement**

Each Option entitles the holder to subscribe for one (1) Share upon exercise of the Bonus Option.

(b) **Exercise Price**

Subject to paragraph (j), the amount payable upon exercise of each Bonus Option will be \$1.92 (**Exercise Price**).

(c) **Expiry Date**

Each Option will expire at 5:00pm (ACDT) on 10 May 2026 (**Expiry Date**). A Bonus Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

(d) **Exercise Period**

The Bonus Options are exercisable at any time on or prior to the Expiry Date (**Exercise Period**).

(e) **Notice of Exercise**

The Bonus Options may be exercised during the Exercise Period by notice in writing to the Company in the manner specified on the Bonus Option certificate (**Notice of Exercise**) and payment of the Exercise Price for each Bonus Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.

(f) **Exercise Date**

A Notice of Exercise is only effective on and from the later of the date of receipt of the Notice of Exercise and the date of receipt of the payment of the Exercise Price for each Bonus Option being exercised in cleared funds (**Exercise Date**).

(g) **Timing of issue of Shares on exercise**

Within 5 Business Days after the Exercise Date, the Company will:

- (i) issue the number of Shares required under these terms and conditions in respect of the number of Bonus Options specified in the Notice of Exercise and for which cleared funds have been received by the Company;
- (ii) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, or, if the Company is unable to issue such a notice, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the

Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors; and

- (iii) if admitted to the official list of ASX at the time, apply for official quotation on ASX of Shares issued pursuant to the exercise of the Bonus Options.

If a notice delivered under section (g)(i) for any reason is not effective to ensure that an offer for sale of the Shares does not require disclosure to investors, the Company must, no later than 20 Business Days after becoming aware of such notice being ineffective, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors.

(h) **Quotation of Options**

The Company will seek quotation of the Bonus Options in accordance with the Listing Rules and Corporations Act, subject to satisfaction of the quotation conditions of the ASX Listing Rules. In the event that quotation of the Bonus Options cannot be obtained, the Bonus Options will remain unquoted.

(i) **Shares issued on exercise**

Shares issued on exercise of the Bonus Options rank equally with the then issued shares of the Company.

(j) **Reconstruction of capital**

If at any time the issued capital of the Company is reconstructed, all rights of an Optionholder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.

(k) **Participation in new issues**

There are no participation rights or entitlements inherent in the Bonus Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Bonus Options without exercising the Bonus Options.

(l) **Change in exercise price**

A Bonus Option does not confer the right to a change in Exercise Price or a change in the number of underlying securities over which the Bonus Option can be exercised.

(m) **Transferability**

The Bonus Options are transferable subject to any restriction or escrow arrangements imposed by ASX or under applicable Australian securities laws.

5.2 Rights and liabilities attaching to Shares

The following is a summary of the more significant rights and liabilities attaching to the Shares, being the underlying securities of the Bonus Option being offered pursuant to this Prospectus. This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of Shareholders. To obtain such a statement, persons should seek independent legal advice.

Full details of the rights and liabilities attaching to Shares are set out in the Constitution, a copy of which is available for inspection at the Company's registered office during normal business hours.

(a) Voting at a general meeting

Shareholders are entitled to be present in person, or by proxy, attorney or representative to attend and vote at general meetings of the Company.

Shareholders may requisition meetings in accordance with section 249D of the Corporations Act and the Constitution of the Company.

(b) Voting rights

Subject to any rights or restrictions for the time being attached to any class or classes of shares, at general meetings of shareholders or classes of shareholders:

- (i) each Shareholder entitled to vote may vote in person or by proxy, attorney or representative;
- (ii) on a show of hands, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder has one vote; and
- (iii) on a poll, each Shareholder present has:
 - (A) for each Share held by the Shareholder, one vote; and
 - (B) for each partly paid share, a fraction of one vote. The fraction is equal to the proportion which the amount paid (but not credited as paid) on that share (excluding any amounts paid on that share in advance) bears to the total issue price of that share.

(c) Dividend rights

The Company may by resolution declare dividends in accordance with the Corporations Act but no dividends will exceed the amount recommended by the Board.

The Board can declare a dividend in accordance with the Corporations Act and can authorise the payment or crediting of such a dividend by the Company to the Shareholders.

Subject to any rights or restrictions attached to a class of shares, the Board may decide:

- (i) The amount of dividends to be paid, matters relating to the franking of dividends, the time and method of payment of dividends and the time and manner for determining entitlements to dividends; and
- (ii) That the dividends will be payable on one class of shares but not on another class or at different rates for different classes.

No dividend shall carry interest as against the Company.

The Board may decide to capitalise any amount forming part of the undivided profits of the Company or any reserve or other account which is available for distribution and distribute that capitalised amount to Shareholders in the same proportions in which they would be entitled to receive dividends or in accordance with the terms of issue of any Shares or the terms of any plan for the issue of Securities for the benefit of officers or employees. The Board may deduct from any dividend payable to a Shareholder any money due from the Shareholder to the Company in relation to Shares (the subject of the dividend) whether on account of calls or otherwise.

The Board may implement, maintain, amend, suspend, reinstate and terminate one or more dividends plans under which Shareholders may elect with respect to some or all of their shares (subject to the rules of the relevant plan) on the terms set out in the Company Constitution.

(d) **Winding-up**

If the Company is wound up, the liquidator may, with the authority of a special resolution, divide among some or all the Shareholders any of the Company's assets as the liquidator decides and may vest any of the assets in trustees on any trusts for the benefit of some or all of the Shareholders as the liquidator decides.

Any division may be other than in accordance with the legal rights of the Shareholders and in particular, any class may be given preferential or special rights or may be excluded altogether or in part. If any division is other than in accordance with the legal rights of Shareholders, any Shareholder who would be prejudiced by the division has a right to dissent and ancillary rights as if the special resolution sanctioning that division were a special resolution passed under the Corporations Act relating to the sale or transfer of the Company's assets by a liquidator in a voluntary winding up.

If any Shares to be divided carry a liability, any person entitled under the division to any of the Shares may by notice within 10 business days after the passing of the special resolution, direct the liquidator to sell the person's proportion and pay the person the net proceeds and the liquidator is to act accordingly, if practicable.

(e) **Shareholder liability**

As the Shares issued will be fully paid shares, they will not be subject to any calls for money by the Directors and will therefore not become liable for forfeiture.

(f) **Transfer of shares**

Generally, shares in the Company are freely transferable, subject to formal requirements, the registration of the transfer not resulting in a contravention of or failure to observe the provisions of a law of Australia and the transfer not being in breach of the Corporations Act and the ASX Listing Rules.

(g) **Future increase in capital**

Without affecting the special rights of any holders of Securities, the Board may decide to issue (at any price) Shares with or without preferred, deferred or other special rights, obligations or restrictions, whether with respect to consideration, dividends (subject to the preference shares terms), voting return of share capital, payment of calls, conversion, redemption or otherwise, as the Board determines.

(h) **Variation of rights**

Under section 246B of the Corporations Act, the Company may, with the sanction of a special resolution passed at a meeting of Shareholders vary or abrogate the rights attaching to shares.

Subject to the Corporations Act and the variation of class rights procedure outlined in the Constitution, the Board may by resolution vary the rights attached to shares in a class of shares by the issue of new shares not having the same rights as any shares already issued.

(i) **Alteration of constitution**

In accordance with the Corporations Act, the Constitution can only be amended by a special resolution passed by at least three quarters of Shareholders present and voting at the general meeting. In addition, at least 28 days written notice specifying the intention to propose the resolution as a special resolution must be given.

6. ADDITIONAL INFORMATION

6.1 Litigation

As at the date of this Prospectus, the Company is not involved in any legal proceedings and the Directors are not aware of any legal proceedings pending or threatened against the Company.

6.2 Continuous disclosure obligations

As set out in the Important Notes Section of this Prospectus, the Company is a disclosing entity for the purposes of section 713 of the Corporations Act. Accordingly, information that is already in the public domain has not been reported in this Prospectus other than that which is considered necessary to make this Prospectus complete.

The Company, as a disclosing entity under the Corporations Act states that:

- (a) it is subject to regular reporting and disclosure obligations;
- (b) copies of documents lodged with the ASIC in relation to the Company (not being documents referred to in section 1274(2)(a) of the Corporations Act) may be obtained from, or inspected at, the offices of the ASIC; and
- (c) it will provide a copy of each of the following documents, free of charge, to any person on request between the date of issue of this Prospectus and the Closing Date:
 - (i) the annual financial report most recently lodged by the Company with the ASIC;
 - (ii) any half-year financial report lodged by the Company with the ASIC after the lodgement of the annual financial report referred to in (i) and before the lodgement of this Prospectus with the ASIC; and
 - (iii) any continuous disclosure documents given by the Company to ASX in accordance with the ASX Listing Rules as referred to in section 674(1) of the Corporations Act after the lodgement of the annual financial report referred to in (i) and before the lodgement of this Prospectus with the ASIC.

Copies of all documents lodged with the ASIC in relation to the Company can be inspected at the registered office of the Company during normal office hours.

Details of documents lodged by the Company with ASX since the date of lodgement of the Company's latest annual financial report and before the lodgement of this Prospectus with the ASIC are set out in the table below.

Date	Description of Announcement
27 October 2023	Amendment to Bonus Option Terms
27 October 2023	Cancel - Appendix 3B (Proposed issue of securities)
27 October 2023	Appendix 2A (Application for Quotation of Securities)

Date	Description of Announcement
16 October 2023	Dividend Record Date
13 October 2023	Periodic Reports - Other
19 September 2023	Becoming a substantial shareholder
15 September 2023	Periodic Reports - Other
1 September 2023	Half Yearly Report
1 September 2023	Change of Directors Interest Notice
28 August 2023	Dividend Record Date
28 August 2023	Dividend Record Date
25 August 2023	Half Year Audit Review
25 August 2023	Half Yearly Report
15 August 2023	Periodic Reports - Other
15 August 2023	Change of Directors Interest Notice
15 August 2023	Change of Directors Interest Notice
15 August 2023	Change of Directors Interest Notice
15 August 2023	Change of Directors Interest Notice
10 August 2023	Becoming a substantial shareholder
9 August 2023	Appendix 3B (Proposed issue of securities)
8 August 2023	Non-Renounceable Issue
8 August 2023	Appendix 2A (Application for Quotation of Securities)
3 August 2023	Non-Renounceable Issue
31 July 2023	Commitments Test Entity - Second Quarter Cashflow Report
14 July 2023	Periodic Reports - Other
11 July 2023	Non-Renounceable Issue
10 July 2023	Ceasing to be a substantial shareholder
10 July 2023	Cleansing Notice
10 July 2023	Appendix 2A (Application for Quotation of Securities)
3 July 2023	Appendix 3B (Proposed issue of securities)
3 July 2023	Non-Renounceable Issue
3 July 2023	Non-Renounceable Issue
3 July 2023	Company Presentation
3 July 2023	Issued Capital - Other
3 July 2023	Placement
3 July 2023	Non-Renounceable Issue

Date	Description of Announcement
3 July 2023	Issued Capital - Other
3 July 2023	Issued Capital - Other
15 June 2023	Periodic Reports - Other
18 May 2023	Results of Meeting
18 May 2023	2023 AGM Presentation
15 May 2023	Monthly Update - April 2023
9 May 2023	Amended Quarterly Reports - March 2023
8 May 2023	AGM - Webcast Details
5 May 2023	Change of Director's Interest Notice - SD
5 May 2023	Change of Director's Interest Notice - EP
2 May 2023	Notification of cessation of securities - D2O
1 May 2023	Application for quotation of securities - D2O
28 April 2023	Quarterly Activities/Appendix 4C Cash Flow Report
19 April 2023	Update - Notification of buy-back - D2O
17 April 2023	Update – Dividend/Distribution – D2O
14 April 2023	Notice Of Annual General Meeting
14 April 2023	Daily Share Buy-Back Notice
13 April 2023	Daily Share Buy-Back Notice
12 April 2023	Daily Share Buy-Back Notice
6 April 2023	Daily Share Buy-Back Notice
5 April 2023	Daily Share Buy-Back Notice
4 April 2023	Daily Share Buy-Back Notice
3 April 2023	Appendix 3H (Notification of cessation of securities)
3 April 2023	Daily Share Buy-Back Notice
31 March 2023	Daily Share Buy-Back Notice
28 March 2023	Daily Share Buy-Back Notice
24 March 2023	Daily Share Buy-Back Notice
23 March 2023	Daily Share Buy-Back Notice
21 March 2023	Daily Share Buy-Back Notice
20 March 2023	Company Presentation
17 March 2023	Daily Share Buy-Back Notice
16 March 2023	Notice of Meeting - Other
16 March 2023	Daily Share Buy-Back Notice
15 March 2023	Periodic Reports - Other

Date	Description of Announcement
8 March 2023	Daily Share Buy-Back Notice
7 March 2023	Daily Share Buy-Back Notice
6 March 2023	Daily Share Buy-Back Notice
3 March 2023	Standard & Poor's Announcement
3 March 2023	Daily Share Buy-Back Notice
2 March 2023	Appendix 3H (Notification of cessation of securities)
2 March 2023	Daily Share Buy-Back Notice
1 March 2023	Dividend Record Date
1 March 2023	Dividend Record Date
1 March 2023	Daily Share Buy-Back Notice

ASX maintains files containing publicly available information for all listed companies. The Company's file is available for inspection at ASX during normal office hours.

The announcements are also available through the Company's website www.duxtonwater.com.au/.

6.3 Market price of Shares

The Company is a disclosing entity for the purposes of the Corporations Act and its Shares are enhanced disclosure securities quoted on ASX.

The highest, lowest and last market sale prices of the Shares on ASX during the three months immediately preceding the date of lodgement of this Prospectus with the ASIC and the respective dates of those sales were:

	(\$)	Date
Highest	\$1.750	11 September 2023
Lowest	\$1.485	8 and 9 August 2023
Last	\$1.635	27 October 2023

Whilst it is intended that the Bonus Options will be quoted there is no current market or trading history for the Bonus Options. It is not possible to predict what value of the Company Bonus Options or Shares will be following the Offer and the Director do not make any representations as to such matters.

The last trading price of Shares on ASX prior to the Prospectus being lodged on \$1.635 per Share is not reliable indicator as to the potential trading price of Bonus Options or Shares after implementation of the Offer.

6.4 Interests of Directors

Other than as set out in this Prospectus, no Director or proposed director holds, or has held within the 18 months preceding lodgement of this Prospectus with the ASIC, any interest in:

- (a) the formation or promotion of the Company;
- (b) any property acquired or proposed to be acquired by the Company in connection with:
 - (i) its formation or promotion; or
 - (ii) the Offer; or
- (c) the Offer,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to a Director or proposed director:

- (d) as an inducement to become, or to qualify as, a Director; or
- (e) for services provided in connection with:
 - (i) the formation or promotion of the Company; or
 - (ii) the Offer.

Security holdings

The relevant interest of each of the Directors in the Securities as at the date of this Prospectus, together with their respective Entitlement, is set in Section 3.5.

Remuneration

The remuneration of an executive Director is decided by the Board, without the affected executive Director participating in that decision-making process. The total maximum remuneration of non-executive Directors is initially set by the Constitution and subsequent variation is by ordinary resolution of Shareholders in general meeting in accordance with the Constitution, the Corporations Act and the ASX Listing Rules, as applicable. The determination of non-executive Directors' remuneration within that maximum will be made by the Board having regard to the inputs and value to the Company of the respective contributions by each non-executive Director. The current amount has been set at an amount not to exceed \$250,000 per annum.

A Director may be paid fees or other amounts (i.e. non-cash performance incentives such as Options, subject to any necessary Shareholder approval) as the other Directors determine where a Director performs special duties or otherwise performs services outside the scope of the ordinary duties of a Director. In addition, Directors are also entitled to be paid reasonable travelling, hotel and other expenses incurred by them respectively in or about the performance of their duties as Directors.

The following table shows the proposed annual remuneration paid to both executive and non-executive Directors as disclosed in the Company's latest annual report, announced on 28 February 2023.

Director	Proposed Remuneration for year ending 31 December 2023	Remuneration for year ended 31 December 2022
Edouard Peter	Nil ¹	Nil ¹
Stephen Duerden	Nil ¹	Nil ¹
Dirk Wiedmann	35,000	35,000
Dennis Mutton	45,000	45,000
Vivienne Brand	40,000	40,000
Brendan Rinaldi	40,000	30,000

Notes:

1. These Non-Executive Directors are employed by the Investment Manager (Duxton Capital (Australia) Pty Ltd) and receive no remuneration from Duxton Water Ltd, however Duxton Capital (Australia) Pty Ltd does receive management fees and performance fees from the Company.

6.5 Interests of experts and advisers

Other than as set out below or elsewhere in this Prospectus, no:

- person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus;
- promoter of the Company; or
- underwriter (but not a sub-underwriter) to the issue or a financial services licensee named in this Prospectus as a financial services licensee involved in the issue,

holds, or has held within the 18 months preceding lodgement of this Prospectus with the ASIC, any interest in:

- the formation or promotion of the Company;
- any property acquired or proposed to be acquired by the Company in connection with:
 - its formation or promotion; or
 - the Offer; or
- the Offer,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to any of these persons for services provided in connection with:

- the formation or promotion of the Company; or
- the Offer.

Steinepreis Paganin has acted as the solicitors to the Company in relation to the Offer. The Company estimates it will pay Steinepreis Paganin \$20,000 (excluding

GST and disbursements) for these services. During the 24 months preceding lodgement of this Prospectus with the ASIC, Steinepreis Paganin has received \$60,594.50 in fees for legal services provided to the Company.

6.6 Consents

Chapter 6D of the Corporations Act imposes a liability regime on the Company (as the offeror of the securities), the Directors, the persons named in the Prospectus with their consent as Proposed Directors, any underwriters, persons named in the Prospectus with their consent having made a statement in the Prospectus and persons involved in a contravention in relation to the Prospectus, with regard to misleading and deceptive statements made in the Prospectus. Although the Company bears primary responsibility for the Prospectus, the other parties involved in the preparation of the Prospectus can also be responsible for certain statements made in it.

Each of the parties referred to in this Section:

- (a) does not make, or purport to make, any statement in this Prospectus other than those referred to in this Section;
- (b) in light of the above, only to the maximum extent permitted by law, expressly disclaim and take no responsibility for any part of this Prospectus other than a reference to its name and a statement included in this Prospectus with the consent of that party as specified in this Section; and
- (c) has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC.

Steinepreis Paganin has given its written consent to being named as the solicitors to the Company in this Prospectus.

6.7 Expenses of the Offer

In the event that all Entitlements are accepted, the total expenses of the Offer are estimated to be approximately \$92,759 (excluding GST) and are expected to be applied towards the items set out in the table below:

	\$
ASIC fees	3,206
ASX fees	69,553
Legal fees	20,000
Total	92,759

7. DIRECTORS' AUTHORISATION

This Prospectus is issued by the Company and its issue has been authorised by a resolution of the Directors.

In accordance with section 720 of the Corporations Act, each Director has consented to the lodgement of this Prospectus with the ASIC.

8. GLOSSARY

\$ means the lawful currency of the Commonwealth of Australia.

ACDT means Australian Central Daylight Time as observed in Adelaide, South Australia.

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited (ACN 008 624 691) or the financial market operated by it as the context requires.

ASX Listing Rules means the listing rules of the ASX.

ASX Settlement Operating Rules means the settlement rules of the securities clearing house which operates CHESS.

Board means the board of Directors unless the context indicates otherwise.

Bonus Option means an Option issued on the terms set out in Section 5.1.

Business Day means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day and any other day that ASX declares is not a business day.

Company means Duxton Water Limited (ACN 611 976 517).

Constitution means the constitution of the Company as at the date of this Prospectus.

Corporations Act means the *Corporations Act 2001* (Cth).

Directors means the directors of the Company as at the date of this Prospectus.

Eligible Shareholder means a Shareholder as at the Record Date who is eligible to participate in the Offer.

Entitlement means the entitlement to be issued one (1) Bonus Option for every four (4) Shares held by an Eligible Shareholder registered at the Record Date, to be issued for nil consideration.

Exercise Price means the exercise price of the Bonus Options being \$1.92.

Investment Management Agreement means the agreement between the Company and the Investment Manager, which records the terms of the Investment Manager's engagement to manage the Company's assets and investment strategy.

Investment Manager means Duxton Capital (Australia) Pty Ltd (AFSL: 450218), the investment manager of the Company, who manages the Company's assets and the implementation of its investment strategy.

Offer means the non-renounceable bonus issue of Bonus Options the subject of this Prospectus.

Official Quotation means official quotation on ASX.

Option means an option to acquire a Share.

Optionholder means a holder of an Option.

Prospectus means this prospectus.

Record Date means the date specified in the timetable set out at Section 1.

Section means a section of this Prospectus.

Securities means Shares and/or Options as the context requires.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a holder of a Share.

Water Allocation means the specific volume of water allocated to a Water Entitlement in a given season. This can fluctuate annually, based on seasonal availability.

Water Entitlement means the perpetual entitlement to exclusive access to a share of water from a specified pool of water set aside by the Australian Government for consumption.