A Copy of Letter of Engagement

VALUATION & ADVISORY SERVICES

CBRE

CBRE Valuations Pty Limited
ABN 15 008 912 641

Level 34, 8 Exhibition Street
Melbourne VIC 3000

T 61 3 8621 3333
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www.cbre.com.au

11 July 2016

Mr. Max Toovey
Duxton Capital Australia Pty Ltd

Via Email: Max.Toovey@duxtonam.com

Dear Mr Toovey

Request for Provision of Valuation Services: Duxton Water Portfolio

Thank you for your recent request for a quotation to provide a valuation of the above property.

Our understanding of your requirements is that the valuation is required for the following purposes:

- Initial Public Offering

The valuation provided will be the current market value of the property at 30 June 2016 on the following bases:

- Market Value – As Is – Vacant Possession

You have also instructed us to confirm or otherwise comment on the appropriateness of the initial yields adopted within the proposed lease agreements.

Purpose and Scope of Report

The valuation will be prepared in accordance with the Australian and New Zealand Valuation and Property Standards and will be in line with standard industry valuation practices.

The valuation will be prepared strictly and only for the use of **Duxton Water Limited,** to whom the report is addressed, and only for **Initial Public Offering**. No responsibility is accepted or assumed to any third party and no reliance is permitted by any third party without our express written agreement.

CBRE Valuations Pty Limited acknowledges the valuation results and the valuer may be disclosed in the syndication prospectus and brochures of **Duxton Water Limited.** The valuations may be handed out to syndicators or prospective investors.

In this regard, CBRE Valuations Pty Limited advise the Valuation Report will be prepared in accordance with the Australian Property Institute's ANZ Valuation Guidance Note 8 - ANZVGN 8 Valuations for Use in Offer Documents – see Attachment 6

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Consent

CBRE Valuations Pty Limited *provides its consent for the inclusion of the Valuation Report within the syndication prospectus and brochures of* **Duxton Water Limited** *making recipients of the syndication prospectus and brochures aware of the following liability disclaimers.*

Liability Disclaimer

(a) CBRE Valuations Pty Limited *is not operating under an Australian Financial Services Licence when providing the Full Valuation Report and those documents do not constitute financial product advice. Investors should consider obtaining independent advice from their financial advisor before making any decision to invest in/with the proposed water entitlements.*

(b) CBRE Valuations Pty Limited *disclaims any liability to any person in the event of an omission from, or false and misleading statements included in the syndication prospectus and brochures, other than in respect the Full Valuation Report.*

(c) *The Full Valuation Report is strictly limited to the matters contained within those documents and are not to be read as extending, by implication or otherwise, to any other matter in the syndication prospectus and brochures. Without limitation to the above, no liability is accepted for any loss, harm, cost or damage (including special, consequential or economic harm or loss) suffered as a consequence of fluctuations in the real estate market subsequent to the date of valuation.*

(d) CBRE Valuations Pty Limited *has prepared the Full Valuation Report on the basis of, and limited to, the financial and other information (including market information and third party information) is accurate, reliable and complete and confirm that we have not tested the information in that respect.*

(e) *Any references to any property value within this Prospectus has been extracted from a valuation report prepared for* **Duxton Water Limited.** *Each valuation report draws attention to the key issues and considerations impacting value and provides a detailed assessment and analysis as well as key critical assumptions, assumptions, disclaimers, limitations and qualifications and recommendations. As commercial investments of this nature are inherently complex and the market conditions have changed and/or have been uncertain in recent times, we recommend that the extracts must be read in concert with each full valuation report. No responsibility is accepted for any loss or damage arising as a result of reliance upon these extracts. Please contact* **Duxton Water Limited** *for a copy of each full valuation report.*

(f) *The Full Valuation Reports may be reproduced in whole or in part without prior written approval of* CBRE Valuations Pty Limited.

(g) CBRE Valuations Pty Limited *charges a professional fee for producing valuation reports and the fee paid by* **Duxton Water Limited** *for the Full Valuation Report was* **$30,000 excluding GST.**

(h) *We confirm that the valuer does not have a pecuniary interest that would conflict with a proper valuation of the interest in the property.*

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(i) *This document is for the sole use of persons directly provided with it by CBRE Valuations Pty Limited. Use by, or reliance upon this document by anyone other than those parties named above is not authorised by CBRE Valuations Pty Limited and CBRE Valuations Pty Limited is not liable for any loss arising from such unauthorised use or reliance."*

(j) Provision of Information

If the property is subject to a Contract for Sale, we will require a full copy (or access to read a full copy) of the sale and purchase agreement/sale contract.

CBRE Valuations Pty Limited requires the full disclosure of all relevant information and matters applicable to the property to be valued that may have an impact upon the value and marketability of the property. Accordingly, we require you to provide us with the information set out in the Information Request which is enclosed with this letter – **refer Attachment 4 'Information Request'**. Please note that this request is not exhaustive and can be amended or updated by CBRE Valuations Pty Limited from time to time. If you do not provide any part of the information requested for whatever reason, we may include limiting conditions in our valuation report as necessary (including limitations on Reliance).

Terms and Conditions

The valuation and valuation service is provided subject to:

1. The Terms of Engagement set out in this letter;
2. The "Essential Terms and Conditions" set out in Attachment 1;
3. All issues, assumptions, disclaimers, qualifications and recommendations as outlined in the advice/report provided. An example is provided in Attachment 2 and may differ in the report;
4. The CBRE Valuations Pty Limited Valuation & Advisory Services Conditions set out in Attachment 3.
5. Compliance with the "Information Request" set out in Attachment 4.

CBRE's Right to Terminate

CBRE is to provide the services as set out in accordance with this letter and the Terms of Engagement.

Notwithstanding this or anything else contained in this letter or the Terms of Engagement, CBRE reserves its right to have absolute discretion to cease or terminate the engagement in the event that:

- a conflict of interest arises;
- any terms are changed by the Instructing Party or Reliant Party that CBRE considers substantially changes the engagement; or
- any other reason that CBRE is unable to continue on carrying out the engagement.

Such termination will be notified in writing to the Instructing Party (or any other party as necessary) and will be without recourse.

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Fees

The valuation fee is:

Base Fee:	$30,000	+	$3,000 GST	=	$33,000
Total*:	**$30,000**	+	**$3,000 GST**	=	**$33,000**
* 3% credit card fee applies for payments made by credit card.					
Additional Fee $450 per hour for additional consultancy work.					

Any additional advice/consultation beyond the scope of the initial valuation brief will require your written request and will incur an Additional Fee at the hourly rate specified above, unless otherwise agreed in writing.

We require a minimum period of **3 days** ("Minimum Time Frame") from the date of instruction to complete our valuation, and anticipate completion by **Thursday 14 July 2016** ("Anticipated Due Date"). The Minimum Time Frame is subject to your co-operation to provide all information requested in this letter and in the Information Request (Attachment 4) in a timely manner as requested by the valuer. Any delay in providing the information may necessitate re-inspection of the property and relevant sales evidence (to be determined at our sole discretion) and will be subject to the Additional Fee rate, unless otherwise agreed in writing. The Anticipated Due Date is based on our ability to undertake all necessary investigations without any unforeseen difficulty, and therefore is subject to change.

We will produce an electronic copy of the report in Adobe PDF format. Hard copies will incur a cost of $200 + $20 GST = $220 per copy (your written request will be required).

Cancellation Policy

If you decide for whatever reason to cancel the valuation brief, the following cancellation fees will apply:

- After issue of preliminary valuation numbers:
  100% Travel Cost + 100% Administrative Expenses + 85% Base Fee
- After issue of report (final or otherwise):
  100% Travel Cost + 100% Administrative Expenses + 100% Base Fee

Terms of Payment

Upon acceptance of these Terms of Engagement our invoice for 100% Fee will be issued and will be payable within 14 days of the date of invoice. The valuation report (final) will not be issued until receipt of payment has been confirmed.

Our fee quote is valid for a period of 14 days from the above date.

Should the above terms be acceptable to you, **please complete and return Schedule A (attached)** as acknowledgement of your acceptance of the terms and conditions of this Engagement Letter.

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We thank you for the opportunity of providing you with a quotation for our services.

Yours sincerely
CBRE Valuations Pty Limited



Michael Mobilia
Associate Director - Agribusiness
Valuation & Advisory Services

Attachments
Schedule A – Valuation Instruction / Acknowledgement of Terms
Attachment 1 – Essential Terms & Conditions
Attachment 2 – Assumptions, Disclaimers, Limitations & Qualifications (Sample Only)
Attachment 3 – Valuation & Advisory Services Conditions
Attachment 4 – Information Request
Attachment 5 - ANZ Valuation Guidance Note 8 - ANZVGN 8 Valuations for Use in Offer Documents

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Valuation Instruction / Acknowledgement of Terms

Please complete, sign, and return Schedule A as your Valuation Instruction and Acknowledgement of the Terms of this Engagement Letter.

Schedule A (To Be Completed by Authorised Representative of Billing Party)

NAME OF RELIANT PARTY AND PURPOSE OF RELIANCE (RESPECTIVELY):

Name of Reliant Party 1:	**Duxton Water Limited**
- Purpose of Reliance:	**Initial Public Offering**
- Contact Name/Address:	Max Toovey
BILLING PARTY (name in full):	Duxton Water Ltd
Billing Party Address:	7 Pomona Road, Stirling, SA
Billing Party ABN (must be provided):	53 611 976 517
AGREED FEE:	**$33,000 including GST**
ACCEPT TERMS:	We confirm that we have read and understand the terms and conditions of this instruction, including terms set out in Attachments 1, 2 and 3, and acknowledge our acceptance of these terms and conditions. Please tick the box to confirm acceptance: ☑
SIGNATURE:	
NAME:	Max Toovey
TITLE:	Portfolio Manager
EMAIL:	maxtoovey@duxtream.com
TELEPHONE/FAX:	T: 0406 085 047 F:
DATE:	13/07/2016

Return to CBRE by Fax or Email:
Attention: Michael Mobilio
Email: michael.mobilio@cbre.com.au

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Attachment 1 – Essential Terms and Conditions

Matters which affect or may affect the valuation
If the Instructing Party and/or Reliant Party become aware of any matters which affect or may affect the valuation, then CBRE must be advised of those matters, and Reliance must not be placed on the valuation under any circumstance.

CBRE does not assign valuations
We do not assign valuations. If the Instructing Party has not determined Reliant Party and Purpose details by the time of report finalisation, the report will be addressed and issued to the Instructing Party for Financial Reporting purposes in PDF format only. Once the Reliant Party and Purpose details have been advised to us, the report will be re-addressed and issued to the Reliant Party. This additional service may incur an additional fee (refer to Fee Quote).

Confidentiality
Any valuation service is confidential as between CBRE and the Reliant Party as specifically stated in the valuation advice/report. No responsibility will be accepted or assumed to any third party who may use or rely on the whole or any part of the content of our valuation. Neither the whole of the report, nor any part of it, may be published in any document, statement, circular or otherwise by any party other than CBRE, nor in any communication with any third parties, without the prior written approval of CBRE of the form and context in which it is to appear.

Future change in value
All valuations are current as at the date of valuation only. The value assessed may in the future change significantly and unexpectedly over a relatively short period (including as a result of general market movements or factors specific to the particular property or particular property sector). CBRE does not accept liability for losses arising from subsequent changes in value.

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Attachment 2 – Example of Assumptions, Disclaimers, Qualifications and Recommendations for Reporting

Reliance:	This valuation is strictly and only for the use of the Reliant Party and for the Purpose specifically stated.
Confidentiality:	This valuation is strictly confidential between CBRE and the Reliant Party.
Transmission:	Only an original valuation report received by the Reliant Party directly from CBRE without any third party intervention can be relied upon.
Restricted:	No responsibility is accepted or assumed to any third party who may use or rely on the whole or any part of the content of this valuation.
Copyright:	Neither the whole nor any part of the content of this valuation may be published in any document, statement, circular or otherwise by any party other than CBRE, nor in any communication with any third party, without the prior written approval from CBRE, and subject to any conditions determined by CBRE, including the form and context in which it is to appear.
Current as at the Date of Valuation:	This valuation is current at the date of valuation only. The value assessed may change significantly and unexpectedly over a relatively short period of time (including as a result of general market movements or factors specific to the particular property or particular property sector). Liability for losses arising from such subsequent changes in value is excluded, as is liability where the valuation is relied upon after the date of the valuation.
Reliance Window:	Without limiting the generality of the above comment, we do not assume any responsibility or accept any liability, nor should the valuation be relied upon, after the expiration of 3 months (as specified in the report) from the date of valuation, or such earlier date if the Reliant Party becomes aware of any factors that may have an effect on the valuation.
Market Value Definition:	In accordance with the International Valuation Standard, the definition of market value is: "Market Value is the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's length transaction, after proper marketing, wherein the parties had each acted knowledgeably, prudently and without compulsion."
Flooding Caution:	The quality, completeness and accuracy of flood mapping varies widely between localities and Councils. We have not verified, and make no representation as to the appropriateness, accuracy, reliability or currency of the flood mapping reviewed and relied upon. The Reliant Party may wish to confirm the flood mapping information by obtaining an expert hydrologist's report. If further flooding data is obtained, we reserve the right to review and if necessary amend the valuation.
Site Survey Not Provided:	We do not commission site surveys and a site survey has not been provided to us. We have assumed there are no encroachments by or on the property, and the Reliant Party should confirm this status by obtaining a current survey report and/or advice from a registered surveyor. If any encroachments are noted by the survey report, this valuation must not be relied upon before first consulting CBRE to reassess any effect on the valuation.
Site Conditions:	We do not commission site investigations to determine the suitability of ground conditions and services, nor do we undertake environmental or geotechnical surveys. We have assumed that these aspects are satisfactory and also that the site is clear of underground mineral or other workings, methane gas or other noxious substances. In the case of property which may have redevelopment potential, we proceed on the basis that the site has load bearing capacity suitable for the anticipated form of redevelopment without the need for additional and expensive foundations or drainage systems (unless stated otherwise).
Site Contamination Risk:	We have assumed that the site is free of elevated levels of contaminants. Our visual inspection is an inconclusive indicator of the actual condition of the site. We make no representation as to the actual environmental status of the subject property. If a test is undertaken at some time in the future to assess the degree, if any, of contamination of the site and this is found to be positive, this valuation must not be relied upon before first consulting CBRE to reassess any effect on the valuation.
Asbestos Risk:	Unless otherwise noted, we have assumed that the improvements are free of Asbestos and Hazardous Materials, or should these materials be present then they do not pose significant risk to human health, nor require immediate removal. We assume the site is free of subsoil asbestos and have made no allowance in our valuation for site remediation works. Our visual inspection is an inconclusive indicator of the actual condition/presence of asbestos/hazardous materials within the property. We make no representation as to the actual status of the subject property. If a test is undertaken at some time in the future to assess the degree, if any, of the presence of any asbestos/hazardous materials on site and this is found to be positive, this valuation must not be relied upon before first consulting CBRE to reassess any effect on the valuation.
Liens/Caveats:	We have disregarded the presence of any mortgage or other financial liens, or any caveats pertaining to the property.

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Unregistered Interests:	We have assumed that there are no unregistered interests which may affect market value. In the event that the Reliant Party becomes aware of any further or pending easements, encumbrances or unregistered interests, this valuation must not be relied upon before first consulting CBRE to reassess any effect on the valuation.
Property Development:	In the event that the information provided to us is inaccurate, this valuation must not be relied upon before first consulting CBRE to reassess any effect on the valuation.
Site Value:	Our valuation has relied upon Unimproved Land Value, and available Land Tax and Council Rates charges, as at the date of valuation. These may differ substantially under the Land Valuation Act 2010, and may therefore impact on the outgoings and value of the property.
Planning Information:	It is assumed that information provided to us by the relevant Local Authority Town Planning Department (and/or third party providers such as Ansta) accurately reflect the current planning scheme. In the event that a Town Planning Certificate or any other relevant planning information or document is obtained and the information is found to be different to the town planning information in this report, this valuation must not be relied upon before first consulting CBRE to reassess any effect on the valuation.
Certificate of Occupancy & Use:	We have not sighted a copy of the Certificate of Occupancy & Use for the subject. Accordingly, our valuation assumes that the property complies with all requirements of the ACT Government and that there are no outstanding requisitions.
Measurement of Lettable Areas:	Should the Reliant Party obtain a survey to determine whether the areas relied upon differ from Property Council of Australia guidelines and the survey reveals a variance in areas, then this valuation must not be relied upon before first consulting CBRE to reassess any effect on the valuation.
Valuation Analyses:	CBRE employs industry recognised valuation methodologies in estimating the value of a property, having regard to the definition of market value and market based evidence. The result is the best estimate of value CBRE can produce, but it is an estimate and not a guarantee, and it is fully dependent upon the accuracy of the assumptions as to income, expenses, and market conditions. These valuation methodologies use market derived assumptions (including rents, yields and discount rates) obtained from analysed transactions. We have not independently verified market information, nor adopted it as our own, nor can we comment on or accept its reliability. The Reliant Party accepts the risk that if any of the unverified information/advice provided by others and referred to in our valuation is incorrect, then this may have an effect on the valuation. (Refer to Information Supplied by Others.)
Treatment of GST:	We have not been provided with legal advice regarding this matter, and have based our analysis upon our current understanding of the legislation. The Reliant Party should make appropriate enquiries in this respect, and if any of these assumptions prove to be incorrect, this valuation must not be relied upon before first consulting CBRE to reassess any effect on the valuation.
Valuation Subject to Change:	Values vary from time to time in response to changing market circumstances. The valuation is based on available information as at the date of valuation. No warranty can be given as to the maintenance of this value into the future. Therefore, it should be reviewed periodically.
Extent of Our Investigations:	We are not engaged to carry out all possible investigations in relation to the property. Where in our report we identify certain limitations to our investigations, this is to enable the Reliant Party to instruct further investigations where considered appropriate or where we recommend as necessary prior to Reliance. CBRE is not liable for any loss occasioned by a decision not to conduct further investigations.
Assumptions:	Assumptions are a necessary part of undertaking valuations. CBRE adopts assumptions for the purpose of providing valuation advice because some matters are not capable of accurate calculation or fall outside the scope of our expertise, or our instructions. The Reliant Party accepts that the valuation contains certain specific assumptions, and acknowledges and accepts the risk that if any of the assumptions adopted in the valuation are incorrect, then this may have an effect on the valuation.
Information Supplied by Others:	The valuation contains information which is derived from other sources. Unless otherwise specifically instructed by you and/or stated in the valuation, we have not independently verified that information, nor adopted it as our own, or accepted its reliability. The Reliant Party accepts the risk that if any of the unverified information/advice provided by others and referred to in the valuation is incorrect, then this may have an effect on the valuation.
Future Matters:	To the extent that the valuation includes any statement as to a future matter, that statement is provided as an estimate and/or opinion based on the information known to CBRE at the date of this document. CBRE does not warrant that such statements are accurate or correct.

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Attachment 3 CBRE Valuation & Advisory Services Conditions

The conditions set out in this Attachment 3 are to be read in conjunction with the Terms of Engagement provided by CBRE ("the Company") which confirms the scope of the valuation and/or consultancy services ("the Services"), the personnel providing those Services and the Company's charges for those Services.

Instructing Party's Obligation to Assist

The Instructing Party agrees to provide all reasonable assistance to the Company to allow the Company to complete this instruction including all relevant documents and/or information the Instructing Party knows or ought reasonably to know will so assist the Company, at its own cost and in a timely fashion, including but not limited to:

- all information which the Company requests from time to time for the performance of the Services;
- reasonable access to the property/properties and to the Instructing Party's premises (if relevant) for the purpose of providing the Services.

Fees and Disbursements

All disbursements, including travelling and other reasonable expenses incurred by the Company in the provision of the Services are fully recoverable from the Instructing Party as and when incurred.

All invoices are payable within 14 days of the date of invoice, unless otherwise stated in the Terms of Engagement. A late payment fee of 2% per month (or part thereof) for any overdue amount may be charged by the Company.

All legal and debt recovery costs which the Company may incur in recovering overdue account balances from the Instructing Party shall be fully recoverable from the Instructing Party as and when incurred.

Suspension of Services

The Company has the right to suspend its engagement where the Instructing Party fails to pay any invoiced fees and disbursements within the required time frame, by giving the Instructing Party seven days' notice in writing. Should the engagement be suspended by the Company, all obligations by the Company to the Instructing Party cease to exist and, furthermore, all intellectual property that the Company receives from the Instructing Party prior to the engagement being suspended becomes the property of the Company and, unless otherwise agreed, the Company shall be free to use this information and value the property for any other party.

Return of Document

The Company reserves the right to retain possession of all papers and documents owned by the Instructing Party until all outstanding amounts payable by the Instructing Party have been received.

Once the Services provided to the Instructing Party have been finalised and all outstanding invoices have been paid, the Company will return documents owned by the Instructing Party within a reasonable time.

Electronic Communication

If the Instructing Party asks the Company to send any documents by email, the Instructing Party will be deemed to have accepted the risk of (and the Company will have no responsibility for) the message being intercepted, not being received or not being viewed by the recipient.

If the Instructing Party asks the Company to provide the Instructing Party with a copy of a document by email or disk, the Company will do so on the basis that the Company does not warrant that the disk or email communication will be virus or defect free and on the basis that:

- the Company will not be responsible for any loss or damage sustained by the computer system which reads the disk or email; and
- precautions will be taken by the Instructing Party to ensure that the disk or email does not cause any loss or damage.

Copyright

Copyright in any written work, drawing, compilation, table, graph and similar works created by or on behalf of the Company remains with the Company.

Variation

The engagement conditions can only be varied by agreement and in writing by the Instructing Party and the Company.

Privacy Act

Any personal information collected and held by the Company in the course of providing the Services will only be used for purposes relating to the provision of Services. More information about the manner in which the Company handles personal information is described in its privacy policy.

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Limitation of Liability

The Company accepts no responsibility or liability whatsoever for the Services unless full disclosure of all information likely to affect the valuation has been made.

Conditions, warranties or other rights for the Instructing Party's benefit may be implied or given in respect of these terms and conditions by the Competition and Consumer Act 2010 (Cth), the Fair Trading Act 1986 (NZ) (as relevant) or other laws. Where it is not lawful or possible to exclude them, then those conditions, warranties or other laws apply but only to the extent required by law.

All other implied conditions, warranties and rights together with any implied by custom or other circumstances are excluded.

The Company limits its liability for breach of any implied condition, warranty or right to the extent allowed by law. Subject to the qualifications in section 68A of the Trade Practices Act or in other laws, the Company's liability for any breach of any such implied condition, warranty or right is limited in the case of services supplied to one of the following as the Company may determine:

- the supplying of the Services again; or
- the payment of the cost of having the Services supplied again.

Subject to the provisions of this clause and despite any implication arising from any other clauses of this agreement, the Company is not liable in contract or in tort for or in respect of any direct or indirect loss or damage suffered by the Instructing Party or any other person arising out of any breach or other act or omission in connection with its engagement.

Indirect loss includes, without limitation, any financial loss or expense including where caused by loss of use or of goodwill, loss of data or delay in the performance of any obligation together with any expense incurred in connection with that loss or in litigation or attempted litigation of that loss.

Entirety of Terms of Engagement

The Engagement Letter in terms of engagement, subject to any qualifications, conditions, assumptions, and reservations set out in any report or opinion furnished to you:

a) Constitutes the entire understanding and agreement of the parties relating to the matters dealt within in;

b) Supersedes and extinguishes all prior agreements, statements, representations and understandings whether verbal or written between us relating to the matters dealt with in this Engagement Letter; and

c) May be varied at any time by mutual agreement in writing.

VALUATION & ADVISORY SERVICES

CBRE

CBRE Valuations Pty Limited
ABN 15 008 912 641

Level 34, 8 Exhibition Street
Melbourne VIC 3000

T 61 3 8621 3333
F 61 3 8621 3330

www.cbre.com.au

Attachment 4 – Information Request

Water Details:

- Copies of any Water Entitlement / Share Extracts;
- Copies of proposed Water Leases
- Contracts of Sale

Other:

- Any other information you may consider relevant.

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Attachment 5 ANZ Valuation Guidance Note 8
ANZVGN 8 Valuations for Use in Offer Documents

ANZ VALUATION GUIDANCE NOTE 8

2.1.2 Role of Member

A Member is fulfilling the role of an informed professional in providing an objective and impartial view and drawing the attention of a reader to key issues impacting on value.

A Member should, therefore, provide disclosure of relevant information (including assumptions and qualifications) to assist a reader understand the basis of the valuation (when included).

A Member should aim for maximum rather than minimum disclosure, seeking to exceed technical compliance in order to exceed public expectations. In their full report. A summary report should, therefore, seek to mirror the spirit of this approach within the confines of brevity and cross-referencing to other parts of the offer document where relevant.

The level of information provided should be such as potential investors and their advisers would reasonably require and reasonably expect to find in an offer document in relation to property value for the purpose of making an effective, fully informed decision.

A Member should not provide comment on the merit of the offer.

2.1.3 Relevant Skills and Expertise

In accordance with Rule of Conduct 1.6, a Member should not accept an instruction beyond their competence.

If a Member does not have the relevant skills and expertise to undertake the provision of a valuation, the Member should decline the instruction or retain an appropriate specialist to provide advice.

2.2 Instructions to Member

2.2.1 Written Instructions

In accordance with Rule of Conduct 1.20, a Member should accept instructions in writing.

Written instructions should be obtained prior to the valuation being undertaken.

2.2.2 Clarity of Instructions

In accordance with Rule of Conduct 1.20, a Member should ensure clarity of instructions concerning the interest that is to be valued.

2.2.3 Contents of Instructions

Such instructions should be clear and include all relevant details, which may be provided in a letter of instruction, contract between the parties or other form of appointment.

A Member should note that the form of appointment may be regarded as a public document.

A Member should consider attaching a copy of the instructions to the valuation report.

2.2.4 Incomplete Instructions

In the event that any of the following are omitted from the instructions:

a) identification of the instructing party;

b) acknowledgment of respect for the Member's independence;

c) provision to meet the cost of independent legal or other expert professional advice for the Member, if required;

d) exact scope of the valuation, disclaiming responsibility for matters outside such scope;

e) basis of valuation;

f) date of valuation;

g) purpose/reasons for valuation including a statement that it is for use in an offer document;

h) the manner of distribution and likely recipients of the valuation including, if the valuation is to be used in an offer document;

i) any requirements for a summary report for inclusion in an offer document;

j) confirmation that, if a summary report is required, potential investors can have access to the full report;

k) understood rights to inspect the property;

l) the facts of the proposal;

m) any data relevant to the proposal;

n) any partial ownership arrangements or other restrictions on marketability;

o) if the subject property is subject to current or previous acquisition, relevant details such as contract of sale, survey, due diligence reports and related documents;

p) details of any consultants with whom the Member should liaise regarding the offer document, with costs arising there from to be borne by the instructing party;

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q) reference to statutory requirements and any additional requirements contained within the documents constituting the offer or entity;

r) requirement for the Instructing party to review and confirm the factual accuracy of the draft valuation report;

s) whether any assumptions or qualifications have been prescribed by the Instructing party, the reasonableness or achievability of such prescribed assumptions or qualifications and the sensitivity of the valuation to variations or non-compliance with such prescribed assumptions or qualifications;

t) requirement for the Member to provide their consent to being named in the offer document and a description of any consents the Member may be required to sign in connection with the inclusion of their valuation in an offer document;

u) specific requirements of the Instructing party for the scope of continuous disclosure; or

v) provision of draft offer documents together with adequate time for review and the right to control edited versions of the valuation contained therein a Member should consider requesting same from the Instructing party

2.3 Obligations of Members

2.3.1 Duty to Prospective Investors

A Member should consider their responsibility to potential investors to whom the report is directed for their information and decision making.

If a Member is uncertain concerning their responsibility, they should seek independent legal or professional advice.

2.3.2 Nature of Information to be Included

A Member should, if not provided by the Instructing party with all information required for consideration or appropriate access to records, premises, etc as required, decline to provide a valuation.

2.3.3 Significant Change in Information

A Member should be aware of the obligation on the issuer of any offer document to issue a supplementary offer document if a significant change occurs.

A Member should promptly inform the issuer of any offer document in which a Member's valuation report is contained of any matter that could have a material impact on the valuation.

In the event that the valuation becomes impacted by a significant change during the offer period and the Instructing party does not amend or withdraw the offer document accordingly, the Member should consider withdrawing their consent to being named in the offer document.

2.4 Style

2.4.1 Goal

A Member should consider the test of a valuation to be measured as much by its clarity and utility to users as by the sophistication of its analysis and its information content.

2.4.2 Written Style

A valuation should be worded and presented in a clear, concise and effective style using plain and direct language.

2.4.3 Terminology

A Member should use terminology consistent with widely accepted industry guidelines, but without unnecessary technical jargon.

Where unavoidable, technical jargon should be used consistently and with an explanatory glossary provided in the full report, especially where, the definition or interpretation of specific or technical terms is central to the valuation.

2.5 Statement of Valuation

2.5.1 Member's Consent

It is recommended that a Member's valuation not be published in part or full in an offer document without the Member consenting to the form and context in which it will appear.

Before consenting, a Member should confirm by sighting that the valuation has been accurately reproduced in the offer document and is being used for the purpose for which it is produced.

A Member should be vigilant to ensure misrepresentation or omission of factors, assumptions or qualifications that may be relevant to a party likely to rely on the offer document does not occur.

A Member should limit their responsibility for an offer document to solely their contribution to the offer document.

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A Member may withdraw consent for the inclusion of a valuation in an offer document at any time.

A Member should withdraw consent for the inclusion of a valuation in an offer document if:

- the Member becomes aware of something occurring after the issue of the valuation which would cause the valuation, or a statement in the offer document to which a Member has consented, to be misleading or deceptive;
- the Member has informed the issuer of the occurrence; and
- the issuer has refused to issue a supplementary offer document or otherwise inform potential investors of the nature of the occurrence and its impact on the valuation.

2.5.2 Summary Valuation

If a Member provides a valuation and then also provides a summary valuation, it is recommended that each refer to the other.

The valuation, when read in full, should not contain any unexpected material issues for a reader who has previously read the summary valuation.

2.5.3 Currency of Valuation

A Member should make it clear that the valuation is applicable at the valuation date and that any change in circumstances or market condition after that date would require the valuation to be reviewed.

2.5.4 Assumptions and Qualifications

A Member should detail all assumptions and qualifications affecting the valuation (section 3.2 below).

The use of sensitivity analysis is encouraged to highlight those assumptions and qualifications that significantly impact the valuation.

2.5.5 Risk Statement

A Member should include a risk statement (section 3.5, below).

3.0 Transparency

The following comprises advice to Members concerning issues of transparency in the provision of a valuation for inclusion in offer documents.

3.1 Conflicts of Interest

3.1.1 Independence

It is of paramount importance that a Member is and is seen to be independent of the parties making the offer.

3.1.2 Declaration of Interests

A Member should be independent of the parties making the offer, their advisers and associates for the duration of that period from first approach to publication of final report for its required purpose.

A Member should disclose any conflicts of interest (real, perceived or potential) including any interest by a Member's employer, family or associate or related parties.

A Member should disclose, clearly and prominently, any interest in the subject matter of the valuation even if it is considered that no conflict exists.

3.1.3 Business Relationship

A Member should consider whether any previous, existing or intended future business relationship (within last two years or longer if sufficiently significant), with any relevant parties has the potential to affect or to be perceived to affect the independence of the Member.

3.1.4 Performance Fees

In accordance with Rule of Conduct 1.7, a Member should not negotiate a fee contingent on the success of the offer.

3.1.5 Client Interaction

A Member should not discuss the merits of an asset or the approach that may be adopted in the valuation until after the party making the offer has provided written instructions.

A Member must assess the merits of the asset independent of the party making the offer or anybody associated with that party.

A Member may supply the instructing party with a draft copy of a report for review and confirmation of factual accuracy only.

The party making the offer may seek to provide further information to, or clarification of matters for a Member, which a Member may then verify and consider.

Having regard to the correction of factual errors or following verification and consideration of further information or clarification, a Member may review their valuation.

Otherwise, it is inadvisable for a Member to change judgemental assessments in a draft report.

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(such as rental, growth, capitalisation or discount rates or opinion of value) following comment by the party making the offer.

A Member should keep accurate written records of such interaction with the party making the offer and of any changes that may be made by the Member to the draft in order to substantiate independence in the event of a claim otherwise.

3.2 Assumptions and Qualifications

3.2.1 Statement of Assumptions and Qualifications

It is recommended that a Member's valuation clearly discloses any assumptions or qualifications made or relied upon.

A valuation concerning a development property is often subject to assumptions and/or qualifications (section 3.6.2 below).

Accordingly, a Member should take as much care with the formation and publication of assumptions and qualifications as with the valuation itself.

The use of sensitivity analysis is encouraged to identify those assumptions and qualifications that significantly impact the valuation.

3.2.2 Prescribed Assumptions and Qualifications

Where the instructing party has prescribed assumptions or qualifications, to be included in a valuation, the Member should restate these in the report and write explanatory comments where necessary.

A Member should critically evaluate information provided by an instructing party, taking note of any grounds for questioning the veracity, accuracy or completeness of such information and undertake whatever checks, inquiries, analyses and verification procedures as are considered necessary.

If assumptions or qualifications provided by an instructing party result in advice that differs from Market Value, a Member should report such difference and/or effect and the reasons why.

3.2.3 Reliance on Advice or Reports by Others

If a Member relies on advice or a report by another expert, the material should preferably be reproduced in full or, if in part, the member should be aware of the risk of material omissions and, include a statement of the material on which a Member has relied and (if applicable) how this has impacted upon the valuation.

If a Member has relied on advice or a report by another party without conducting any independent investigation into the matters contained therein, the Member should clearly state this in the valuation.

3.3 Forecasts

3.3.1 Basis of Forecasts

A Member may be required to undertake forecasts in the preparation of a valuation.

Advice concerning development properties is often reliant on forecasts (section 3.6.2 below).

Members should have regard to International Valuation Guidance Note 9, concerning the use and basis of forecasts.

Forecasts should be supported by reasoned assumptions, recognising that past trends may not be a guide to future trends.

A Member should make sufficient inquiries to establish that forecasts are prepared on a reasonable basis. Appropriate documentation should be retained to prove such reasonable grounds.

A statement of assumptions relevant to the forecasts' is essential for the proper assessment of information contained in the forecast. A Member should clearly disclose any such assumptions in the valuation.

A Member should seek professional advice concerning the need for accreditation or licensing for the provision of information in an offer document and should ensure that the reliant party does not adopt any such forecasts as the basis for their own forecasts in the offer document without the Member's prior written consent.

3.3.2 Sensitivity Analysis

Members are encouraged to include a sensitivity analysis within the valuation to ensure that readers are aware of the degree of uncertainty which such forecasts entail. Such analysis should address key risks which may impact upon the valuation outcome.

Members should, avoid potential confusion by clearly indicating which is their opinion of value.

3.4 Reporting The Value

3.4.1 Value

After considering all the issues affecting the property including various approaches to

valuations and any sensitivity analysis, Members are encouraged to provide a single point value.

3.4.2 Market Volatility

Members are encouraged to discuss the implications of market volatility in relation to the value ascribed.

3.5 Risk Statement

3.5.1 Risk Statement

It is recommended that a Member's valuation include a risk statement comprising a balanced view of the negative and positive risks associated with the subject of the valuation.

3.5.2 Unusual Attributes

A Member's advice should draw the readers' attention to any atypical features or influences associated with the subject of the valuation.

Advice concerning development properties may be expected to include extensive analysis of risk (section 3.6.4 below).

3.5.3 Marketability

A Member should comment upon the marketability of the property.

3.6 Development Properties

3.6.1 Value As If Complete

If a Member provides a valuation of a property or asset to be subject to a material change of state, the Member is encouraged to report the value of the asset "as is" and the value of the asset in the "as if complete" state.

(For example, an offer document may contemplate the acquisition of a block of land upon which will be built an income producing multi-storey office property.)

3.6.2 Assumptions and Qualifications

If the "as if complete" value is dependant upon stated assumptions and qualifications, these should be fully addressed together with the implications should any fail to materialise.

(For example, an offer document may be based on development approval, a building contract and certain tenants to change a block of land into an occupied, income producing multi-storey office property.)

3.6.3 Forecasts

If the "as if complete" value is dependant upon forecasts, these should be fully addressed and the Member should include a discussion of the reasonableness of such forecasts.

(For example, an offer document may contemplate certain time frames for the achievement of development approval, a building contract at a certain price and tenants at certain rentals to change a block of land into an occupied, income producing multi-storey office property.)

3.6.4 Risk Analysis

Advice concerning a material change of state may include extensive risk analysis.

A Member should comment on the risks involved and upon the vulnerability to multiple risks, both related and unrelated.

(For example, a valuation may include a detailed statement of the various risks involved in contemplating the acquisition of a block of land on which an income producing multi-storey office building will be built.)

4.0 Regulatory Observance

4.1 Financial Services Licence

In Australia, the inclusion of a valuation report in an offer document may constitute the provision of financial product advice. Members that do not hold, or are not covered by an Australian Financial Services Licence, are advised to seek independent legal advice before providing a valuation report for inclusion in an offer document.

If it does constitute financial product advice, there may be an exemption from the requirement to hold a licence available if the following conditions are met:

a) the valuation is included in a document issued in connection with an offer of a financial product;

b) the advice is an opinion on matters other than financial products and does not include advice on a financial product;

c) the document includes a statement that the person is not operating under an Australian Financial Services Licence when giving advice; and

d) the person discloses in the document information about any remuneration or other benefits received or any interests, associations or relationships that might reasonably be

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expected to be or to have been capable of influencing the person in providing the advice.

This exemption is narrow in operation and will not apply to the following documents where they do not possess a 'connection' with the 'offer of a financial product':

a) an explanatory booklet for a scheme of arrangement;

b) a compulsory acquisition notice under Chapter 6A of the Corporations Act; or

c) an offer made in the circumstances where the shares to be acquired are held by shareholders dissenting from a scheme or contract approved by the majority.

4.2 Relevant Law

In Australia, relevant law may include but not be limited to:

a) Common Law – including potential liability to a third party for loss suffered as a consequence of reliance upon negligent information or advice where it was not unreasonable for the third party to rely on the information or advice;

b) Statute – including but not limited to:

- Corporations Act – in particular;
  - s9 concerning the definition of an expert (being distinguished from a professional and/or an adviser);
  - s1041E relating to an offence of making false or misleading statements in relation to a financial product or service;
  - s1041H relating to a civil offence to engage in misleading or deceptive conduct in relation to a financial product or a financial service, and
  - ss 710 and 1013C(3) concerning information that should be included within prospectuses and product disclosure statements respectively;
- Trade Practices Act – in particular, s52 concerning misleading or deceptive conduct or conduct that is likely to mislead or deceive;
- ASIC Act – in particular s12DA concerning the prohibition against misleading or deceptive conduct in relation to financial services; and
- Fair Trading Acts, consumer protection legislation, trustee legislation, valuers registration legislation.

In New Zealand, relevant law may include but not be limited to:

- Common Law – including the potential liability to a third party for loss suffered as a consequence of reliance upon negligent information or advice where it was not unreasonable for the third party to rely on the information or advice;
- Statute – including but not limited to:

a) Securities Act 1978 and Amendments;

b) Securities Act (Real Property Proportionate Ownership Schemes) Exemption Notice 1996 – in particular the Second Schedule which outlines mandatory matters to be specified in independent Registered Valuer's reports;

c) Securities Act (Contributory Mortgage) Regulations 1988 – in particular Schedule 3 (*Information and Other Matters to be Contained in Valuation Reports*). The inclusion of these specified details is mandatory; and

d) Fair Trading Acts, consumer protection legislation, trustee legislation, valuers registration legislation.

4.3 Relevant Guidance

In Australia, relevant guidance may include but not be limited to:

- ASIC
- Practice Note 42 – Independence of Expert's Reports;
- Practice Note 43 – Valuation Reports and Profit Forecasts;
- Practice Note 55 – Disclosure Documents and PDS: consent to quote;
- Policy Statement 56 – Prospectuses;
- Policy Statement 74 – Acquisitions Agreed to by Shareholders;
- Policy Statement 75 – Independent Expert Reports to Shareholders;
- Policy Statement 77 – Property Trusts and Property Syndicates;
- Policy Statement 146 – Licensing: Training of Financial Product Advisers;

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- Policy Statement 170 – Prospective Financial Information;
- Policy Statement 175 – Licensing: Financial Product Advisers – Conduct and Disclosure; and
- Policy Statement 181 – Licensing: Managing Conflicts of Interest.

In New Zealand, relevant guidance may include but not be limited to:

- Securities Commission
- Inquiry into the 1 Parliament Street Car Park Limited Contributory Mortgage – 3rd May 2002
- Offers of Unlisted Interests in Commercial Properties – A Review – 30th March 2000

4.4 Texts

In Australia, relevant texts may include but not be limited to *The Legal Liability of Valuers* by Lindsay Joyce and Keith Norris (Southwood Press, Second Edition), particularly pages 48 to 53 and Chapter 2.

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B Water Rights Sales Agreement 1

Water Rights Sales Agreement

CowellClarke
Commercial Lawyers

DUXTON WATER LTD

DUXTON VINEYARDS WATER PTY LTD
as trustee of the Duxton Water Trust

DEED OF VARIATION – WATER RIGHTS SALE AGREEMENT

DRAFT

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THIS DEED made 2016

BETWEEN **DUXTON WATER LTD ACN 611 976 517** of c/- Tilbrook Rasheed, 13 Greenhill Road, Wayville South Australia 5034 ("**Buyer**")

AND **DUXTON VINEYARDS WATER PTY LTD ACN 609 424 786** as trustee of the Duxton Water Trust of c/- Tilbrook Rasheed, 13 Greenhill Road, Wayville South Australia 5034 ("**Seller**")

RECITALS

A. The parties executed a Water Rights Sale Agreement dated 17 June 2016 ("**WRSA**") pursuant to which the Buyer agreed to purchase 3,194ML of Water Rights from the Seller on the terms and conditions of the WRSA.

B. Pursuant to clause 25 of the WRSA, the parties agreed that they may amend the WRSA, which they wish to do in accordance with the terms of this Deed.

IT IS AGREED

1. **Interpretation**

Any terms used in this Deed have the same meaning as in the WRSA, unless the context otherwise requires.

2. **Variation**

With effect from the date of this Deed, clauses 2.2.7, 2.2.23 and 2.2.30 of the WRSA are deleted and replaced as follows:

Clause 2.2.7 "**CBRE**" means CBRE Valuations Pty Ltd ABN 15 008 912 641;

Clause 2.2.23 "**Valuation Report**", means the report prepared for the Buyer by CBRE entitled "[ ]" dated [ ] July 2016;

Clause 2.2.30 "**Water Rights Value**" means the value of the Water Rights as determined in the Valuation Report, or any updated or subsequent report prepared by CBRE at the request of the Buyer in respect of the Water Rights;

3. **WRSA to remain binding**

Other than to the extent expressly varied by this Deed, the parties confirm that the terms of the WRSA remain in full effect, unchanged and continue to be binding on the parties.

4. **General**

Clauses 19 and 21 to 30 (inclusive) of the WRSA apply to this Deed as if expressly set out in this Deed and any reference within those clauses to the WRSA is a reference to this Deed.

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EXECUTED as a deed

EXECUTED by **DUXTON VINEYARDS WATER PTY LTD ACN 609 424 786 as trustee of the Duxton Water Trust** in accordance with Section 127(1) of the Corporations Act 2001:

.....	.....
Director	Director/Secretary
.....	.....
Name (print)	Name (print)

EXECUTED by **DUXTON WATER LTD ACN 611 976 517** in accordance with Section 127(1) of the Corporations Act 2001:

.....	.....
Director	Director/Secretary
.....	.....
Name (print)	Name (print)

DRAFT

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CowellClarke
Commercial Lawyers

Duxton Vineyards Water Pty Ltd ACN 609 424 786 (formerly known as Duxton Water Pty Ltd) as trustee of the Duxton Water Trust
("Seller")

and

Duxton Water Ltd ACN 611 976 517
("Buyer")

WATER RIGHTS SALE AGREEMENT

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THIS AGREEMENT made 13 day of June 2016

BETWEEN **DUXTON VINEYARDS WATER PTY LTD** ACN 609 424 786 (formerly known as Duxton Water Pty Ltd) as trustee of the Duxton Water Trust of c/- Tilbrook Rasheed of 13 Greenhill Road Wayville SA 5034 ("**Seller**")

AND **DUXTON WATER LTD** ACN 611 976 517 of c/- Tilbrook Rasheed of 13 Greenhill Road Wayville SA 5034 ("**Buyer**")

RECITALS

A. The Seller holds a beneficial interest in the Water Rights and will, at Settlement, be the registered holder of the Water Rights.

B. The Seller has agreed to sell to the Buyer and the Buyer has agreed to buy from the Seller the Water Rights on the terms of this Agreement.

IT IS AGREED as follows:

1. **Recitals**

The parties acknowledge the recitals are true and form part of this Agreement.

2. **Interpretation and definitions**

2.1 **Interpretation**

Unless qualified by or inconsistent with the context:

2.1.1 a reference to the singular includes the plural and vice versa;

2.1.2 headings are for convenience of reference and will not affect the interpretation of this Agreement;

2.1.3 references to any statutory enactment mean references to that enactment as amended, modified and re-enacted from time to time;

2.1.4 a reference to costs includes legal costs on a full indemnity basis;

2.1.5 a reference to a "person" includes a reference to an entity;

2.1.6 this Agreement binds the parties' respective heirs, successors, legal personal representatives, administrators and assigns;

2.1.7 the approval or consent of a party means that party's prior written approval or consent which is not to be unreasonably withheld or delayed;

2.1.8 a reference to a clause, Schedule or item is a reference to a clause or item of or schedule to this Agreement;

2.1.9 if the day on or by which a person must do something under this Agreement is not a Business Day, the person must do it on or by the next Business Day;

2.1.10 a reference to currency is a reference to Australian Dollars, and

2.1.11 wherever "include" or "for example" or any form of those words are used, they must be construed as if they were followed by "(without being limited to)".

2.2 Definitions

In this Agreement:

2.2.1 "**ASX**" means ASX Limited or the market it operates, as applicable;

2.2.2 "**Applicable Laws**" means:

2.2.2.1 the *Water Management Act 2000* (NSW) and *Water Act 1912* (NSW) and any regulations under those acts;

2.2.2.2 the *Water Act 2007* (Cth) and any regulations under that act;

2.2.2.3 any other statute, rule, regulation, proclamation, ordinanance, order or by-law applicable to the Water Rights; and

2.2.2.4 any water sharing rules, water sharing plans, water resource plans, trading rules or the like applicable to the Water Rights;

2.2.3 "**Approvals**" means any consent or approval of an Authority which may be required to Transfer the Water Rights including any Ministerial approval required under s.71M, s.71P, s.71Q or such other relevant provision of the *Water Management Act 2000* (NSW);

2.2.4 "**Authority**" means any:

2.2.4.1 department or government in any jurisdiction, whether federal, state or local; and

2.2.4.2 any other person, authority, instrumentality or body having jurisdiction, rights, powers, duties or responsibilities in relation to the Water Rights,

and "**Authorities**" has a corresponding meaning;

2.2.5 "**Business Day**" means a day that is not a Saturday, Sunday or public holiday in South Australia and New South Wales;

2.2.6 "**Carryover Water**" means the volume of water under a Water Allocation that is not used within the Water Year and that carries over into the next Water Year;

2.2.7 "**Colliers**" means CIVAS (NSW) Pty Ltd ABN 32 168 282 728;

2.2.8 "**Cut Off Date**" means 31 August 2016 or such later date as the parties mutually agree;

2.2.9 "**Encumbrance**" includes a Security Interest, charge, lien, mortgage, caveat, preferential right, trust arrangement, agreement or other

arrangement given or created as security or creating rights in favour of another person to secure the performance of any obligations;

2.2.10 "**GST**" means goods and services tax payable under the GST Law and an expression used in this Agreement in relation to GST will have the meaning used in or attributed to that expression by the GST Law from time to time;

2.2.11 "**GST Law**" has the same meaning as the definition of "GST law" in *A New Tax System (Goods and Services Tax) Act 1999* (Cth);

2.2.12 "**Insolvency Event**" means any of the following:

2.2.12.1 the threatened or actual appointment of a voluntary administrator, liquidator, provisional liquidator, receiver, receiver and manager, controller, trustee in bankruptcy, administrator or other person of similar office, including any application to a court for such an appointment;

2.2.12.2 entry into or proposing an arrangement or compromise for the benefit of creditors;

2.2.12.3 the levy or enforcement of a writ of execution, order or judgment;

2.2.12.4 becoming unable to pay debts as and when they fall due for payment;

2.2.12.5 the taking of possession or control of any asset by a person under an Encumbrance; or

2.2.12.6 failing to satisfy or to apply to have set aside a statutory demand, a bankruptcy notice or other similar form of statutory notice within the time specified in the demand or notice;

2.2.13 "**Lender**" means NAB in its capacity as mortgagee of a mortgage over the Water Rights;

2.2.14 "**Lessee**" means Duxton Viticulture Pty Ltd ACN 609 424 704;

2.2.15 "**Registrar**" means the NSW Land and Property Information;

2.2.16 "**Shares**" means a fully paid ordinary share in the Buyer with an issue price of $1.10;

2.2.17 "**Security Interest**" has the same meaning as defined in the *Personal Property Securities Act 2009* (Cth);

2.2.18 "**Settlement**" means settlement of the sale and purchase of the Water Rights in accordance with clause 9;

2.2.19 "**Settlement Date**" means two (2) Business Days after the conditions precedent in clause 4 have been satisfied or waived;

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2.2.20 "**Supplementary Water**" means a volume of surplus water that is accessible upon announcement by an Authority on the terms of that announcement;

2.2.21 "**Term Transfer**" means the assignment, term transfer or limited term transfer of the Water Rights, or any other form of temporary transfer of the Water Rights and if such a temporary transfer is not possible, then the transfer of Water Allocation associated with the Water Rights in accordance with the terms of the Water Supply Lease;

2.2.22 "**Transfer**" means the transfer of the Water Rights from the Seller to the Buyer;

2.2.23 "**Valuation Report**" means the report prepared for the Buyer by Colliers entitled "Valuation Report Water Entitlements Southern Interconnected Murray Darling Basin" dated 29 April 2016;

2.2.24 "**Voluntary Escrow Deed**" means a voluntary escrow or restriction deed entered into by the Seller in relation to the Shares on terms acceptable to the Buyer for a period of not more than three (3) months from the first day on which the Shares commence trading on the ASX;

2.2.25 "**Water Allocation**" means the volume of water allocated by an Authority to each of the Water Rights in a Water Year and includes any Carryover Water and Supplementary Water

2.2.26 "**Water Broker**" means Waterfind Pty Ltd;

2.2.27 "**Water Registers**" means the New South Wales Water Access Licence Register and any other applicable register;

2.2.28 "**Water Rights**" means the water access licences and other water rights and interests set out in Schedule 1 and includes any current Water Allocation (where applicable) and any additional or new Water Allocation transferred pursuant to clause 12;

2.2.29 "**Water Rights Registration Forms**" means any forms, documents and supporting information (including any duplicate WAL certificates) submitted to a Registrar in order to register the Transfer of the Water Rights on the Water Registers;

2.2.30 "**Water Rights Value**" means the value of the Water Rights as determined in the Valuation Report or any updated or subsequent report prepared by Colliers at the request of the Buyer in respect of the Water Rights;

2.2.31 "**Water Supply Lease**" means a lease or leases entered into by the Buyer and the Lessee under which the Buyer will lease back the Water Rights to the Lessee by way of Term Transfer upon such terms as are satisfactory to the Buyer and which lease or leases commence on the Settlement Date but which are not operative (in terms of the rights to use the Water Rights or the Water Allocation available under the Water Rights) until the Transfers are registered on the Water Registers and the Water Rights are available to the Buyer to lease back to the Lessee; and

2.2.32 "**Water Year**" means any period of one year ending on 30 June.

3. **Sale of Water Rights**

Subject to the provisions of this Agreement, the Seller agrees that in consideration for the issue of the Shares to the Seller, the Seller will Transfer its rights, title and interest in the Water Rights to the Buyer at Settlement free of all Encumbrances.

4. **Conditions Precedent**

4.1 Settlement is conditional upon:

4.1.1 the Lender fully discharging the Encumbrances it holds over the Water Rights;

4.1.2 the Seller holding the legal interest in each of the Water Rights and being the registered holder;

4.1.3 the Buyer entering into the Water Supply Lease with the Lessee;

4.1.4 the ASX issuing (and not withdrawing) a determination in favour of the Buyer which provides that mandatory escrow will not be applied by the ASX to the Shares (or any of them) under the ASX Listing Rules;

4.1.5 the Seller providing written confirmation to the Buyer that no Approvals are required for the Transfer of the Water Rights; and

4.1.6 the Seller executing and providing to the Buyer a Voluntary Escrow Deed.

4.2 Clause 4.1.3 has been included for the benefit of all parties and may only be waived with the consent in writing of all parties.

4.3 Clauses 4.1.1, 4.1.2, 4.1.4, 4.1.5 and 4.1.6 have been included for the benefit of the Buyer and may only be waived by the Buyer.

4.4 The parties must use their best endeavours to fulfil the conditions precedent.

4.5 If the conditions precedent are not fulfilled or waived by the benefiting party on or before the Cut Off Date, then either party may end the Agreement by written notice to the other party.

4.6 If a party ends the Agreement in accordance with clause 4.5, neither party has further rights against the other party under this Agreement, except in respect of default in using best reasonable endeavours to fulfil the conditions precedent. For the avoidance of doubt, if this Agreement terminates, the Water Supply Lease will also automatically terminate.

5. **Between execution and Settlement**

5.1 From the execution of this Agreement until Settlement, the Seller must:

5.1.1 comply with all Applicable Laws, any conditions attaching to the Water Rights and any reasonable requirements of any Authority relating to the Water Rights;

5.1.2 comply with its obligations under this Agreement;

5.1.3 keep and maintain up to date records of the Water Rights and grant the Buyer written authority to inspect any records of any Authority in relation to the Water Rights;

5.1.4 promptly give the Buyer any information reasonably requested relating to the Water Rights;

5.1.5 immediately notify the Buyer of any fact or circumstance which might reasonably be expected to materially adversely affect the Water Rights or the Seller's ability to Transfer the Water Rights to the Buyer; and

5.1.6 immediately forward to the Buyer copies of any notices, orders, accounts or requirements of any Authority in relation to or affecting the Water Rights;

5.2 From the execution of this Agreement until Settlement, the Seller must not:

5.2.1 contract or otherwise agree to transfer the Water Rights to another person or permit any Encumbrances to be noted against the Water Rights without the prior written consent of the Buyer (other than an Encumbrance contemplated by clause 5.2.4);

5.2.2 take any action, or fail to take any action, that could prevent the Transfer of the Water Rights in accordance with this Agreement;

5.2.3 do anything that will materially adversely affect the Water Rights or the Seller's ability to Transfer the Water Rights to the Buyer; and

5.2.4 oppose or take any steps to prevent the registration or notation of any Encumbrance against the Water Rights in favour of the Buyer protecting the Buyer's interest in the Water Rights under this Agreement.

5.3 The Seller must immediately notify the Buyer in writing of any non-compliance with this clause 5.

6. Outgoings, fees and charges

6.1 The Seller must pay all:

6.1.1 outgoings in relation to the Water Rights for the period up to and including the Settlement Date, including all fees and charges in relation to the delivery and usage of water; and

6.1.2 fees associated with discharging any Encumbrances over the Water Rights prior to Settlement.

6.2 The Buyer must pay all:

6.2.1 outgoings in relation to the Water Rights for the period on and from Settlement;

6.2.2 fees associated with lodging the Water Rights Registration Forms or otherwise incurred registering the Transfers on the Water Registers; and

6.2.3 any other fees otherwise required to effect the Transfer of the Water Rights.

6.3 If a party must under the Applicable Laws pay for an outgoing or fee which the other party is responsible under this clause 6, that party must pay the amount and the other party shall reimburse that party within 14 Business Days of written request (which request must include evidence confirming payment by the first party).

7. Water Rights Value

7.1 The parties agree that the Water Rights Value is the purchase price payable by the Buyer for the Water Rights and:

7.1.1 will be the consideration for the purposes of the settlement adjustment sheet referred to in clause 8 and completion of the Water Rights Registration Forms;

7.1.2 will be the basis for calculating the number of Shares issued to the Seller at Settlement on a $1.10 per share basis; and

7.1.3 is final and binding on the parties.

8. Adjustment

Before Settlement, the Buyer must deliver a settlement adjustment sheet to the Seller which has been prepared consistent with clause 6 and clause 7 of this Agreement.

9. Settlement

Settlement takes place on the Settlement Date at the offices of the Buyer in South Australia or as the parties may otherwise agree.

10. Settlement procedure

10.1 At Settlement the Seller must deliver to the Buyer, in registrable form (where applicable):

10.1.1 all original completed and duly executed Water Rights Registration Forms capable (upon payment of the relevant fees) of registration with the Registrars to enable registration of the Water Rights on the Water Registers without further amendment or supplementation;

10.1.2 copies of any records relating to the Water Rights as reasonably required by the Buyer;

10.1.3 discharges of any and all Encumbrances over the Water Rights;

10.1.4 the originals of the duly executed Water Supply Lease; and

10.1.5 the originals of the duly executed Voluntary Escrow Deed.

10.2 At Settlement, the Buyer must:

10.2.1 allot and issue to the Seller such number of Shares that equates to 100% of the Water Rights Value, enter the Seller into the Buyer's share register and give the Seller a share certificate or holding statement for the Shares; and

10.2.2 pay any amount payable by way of adjustment to outgoings set out in the settlement adjustment sheet referred to in clause 6 in cash and by such payment method agreed by the parties.

10.3 For the avoidance of doubt, the Buyer will register or procure the registration of the Water Rights Registration Forms with the relevant Water Registers as soon as possible after Settlement.

11. Title, possession and risk

11.1 To the extent permitted by all Applicable Laws, title in the Water Rights passes from the Seller to the Buyer at Settlement.

11.2 Risk in the Water Rights passes from the Seller to the Buyer at Settlement.

12. Transfer of Water Allocation

If after Settlement, but prior to registration of the Water Rights Registration Forms on the Water Registers, an Authority announces an additional Water Allocation in relation to the Water Rights for the current Water Year, or announces a new Water Allocation in respect of a new Water Year, the Seller must as soon as practicable transfer that Water Allocation to the Buyer at no charge (other than any fees payable in respect of an application to transfer the Water Allocation, which fees shall be borne by the Buyer).

13. Due Diligence

13.1 The Buyer agrees that it has independently investigated and evaluated the Water Rights.

13.2 The Buyer represents that it is capable of evaluating the merits and risks associated with the purchase of the Water Rights.

13.3 The Buyer does not rely on any information provided by or on behalf of the Seller in investigations or negotiations leading to this Agreement.

13.4 The Buyer acknowledges and agrees that the Buyer purchases the Water Rights on an 'as is where is' basis as at the date of the Agreement including:

13.4.1 the volume of Water Allocation which remains available in respect of any of the Water Rights (acknowledging that for the 2015/2016 Water Year the Water Allocation associated with the Water Rights has been exhausted); and

13.4.2 the state and condition of the water associated with the Water Rights.

13.5 Without limiting any other rights under this Agreement, the Buyer cannot terminate this Agreement, make any claims for compensation, damage or any other loss as a result of any loss, claim or damage arising which is inconsistent with the Buyer's acknowledgements in clause 13.4.

14. Warranties

14.1 Each of the Seller and the Buyer represents and warrants that:

14.1.1 it is a corporation validly existing under the laws of the state in which it was incorporated;

14.1.2 it has not committed or become the subject of an Insolvency Event; and

14.1.3 this Agreement is a valid and binding obligation enforceable against it in accordance with its terms.

14.2 As at the date of this Agreement, the Seller warrants that:

14.2.1 the Seller has a beneficial interest in the Water Rights;

14.2.2 the Seller has the full right and power to enter into this Agreement, to Transfer the Water Rights to the Buyer and to carry out the transactions contemplated by this Agreement;

14.2.3 at the completion of Settlement, the Seller has good and marketable title to the Water Rights;

14.2.4 the Seller has not entered into any other contract or commitment to dispose, Transfer or otherwise deal with the Water Rights;

14.2.5 at the completion of Settlement, the Water Rights will not be subject to any Encumbrance;

14.2.6 the Seller is not aware of any fact or circumstance which might reasonably be expected to materially adversely affect the Water Rights or the Seller's ability to Transfer the legal interest in the Water Rights to the Buyer;

14.2.7 the Seller is not aware of any current or threatened claims, proceedings, orders or notices affecting the Water Rights;

14.2.8 the Seller has complied with all requirements of any Authority in relation to the Water Rights;

14.2.9 the Seller has complied will all Applicable Laws; and

14.2.10 this Agreement and each transaction contemplated by it does not contravene or breech the Applicable Laws, any conditions of the Water Rights or the requirements of any Authority;

14.3 At Settlement:

14.3.1 the Seller warrants that it will be the sole registered holder of the Water Rights; and

14.3.2 the Seller is deemed to repeat each warranty by the Seller and the Buyer is deemed to have accepted each warranty by the Seller.

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14.4 A warranty in this document does not merge on Settlement but continues to operate thereafter.

15. **Indemnity by Seller**

The Seller indemnifies and will keep indemnified the Buyer from and against all actions, claims or causes of action (including in contract, tort or under statute), demands, losses, liabilities, damages, costs and expenses which the Buyer pays, suffers, incurs or is liable in respect of any warranty by the Seller under this Agreement being untrue, inaccurate or in any way misleading or deceptive or likely to mislead or deceive.

16. **Party as a Trustee**

16.1 **Capacity**

If any party (**Trustee**) enters into this Agreement in the capacity as trustee of any trust (**Trust**) under any trust deed, deed of settlement or other instrument (**Trust Deed**), and whether or not any other party has notice of the Trust, then the Trustee enters into this agreement as trustee of the Trust only.

16.2 **Trustee's warranties**

The Trustee represents and warrants that:

16.2.1 the Trustee has power under the Trust Deed and, in the case of a corporation, under its constitution, to enter into and execute this Agreement and to perform the obligations imposed under this Agreement as trustee;

16.2.2 all necessary resolutions have been passed as required by the Trust Deed and, in the case of a corporate Trustee, by its constitution, in order to make this agreement fully binding on the Trustee;

16.2.3 the execution of this Agreement is for the benefit of the Trust;

16.2.4 the Trustee is not in default under the Trust Deed; and

16.2.5 there is no material fact or circumstance relating to the assets, matters or affairs of the Trust that might, if disclosed, be expected to affect the decision of the other parties, acting reasonably, to enter into this agreement.

17. **Termination**

17.1 **Prior to Settlement**

17.1.1 The Buyer may terminate this Agreement at any time before Settlement by notice in writing to the Seller if:

17.1.1.1 the Seller commits or becomes the subject of an Insolvency Event;

17.1.1.2 the Seller commits a material breach of this Agreement other than solely due to the default of the Buyer, which is not capable of remedy; or

17.1.1.3 the Seller commits a material breach of this Agreement, other than solely due to the default of the Buyer, which is capable of remedy and is not remedied within 14 Business Days after notice requiring it to be remedied is given to the Sellers.

17.1.2 The Seller may terminate this Agreement at any time before Settlement by notice in writing to the Buyer if:

17.1.2.1 the Buyer commits or becomes the subject of an Insolvency Event;

17.1.2.2 the Buyer commits a material breach of this Agreement other than solely due to the default of the Seller, which is not capable of remedy; or

17.1.2.3 the Buyer commits a material breach of this Agreement, other than solely due to the default of the Seller, which is capable of remedy and is not remedied within 14 Business Days after notice requiring it to be remedied is given to the Buyer.

17.2 **Accrued Rights**

Termination of this Agreement at any time will otherwise not affect any rights or remedies which have arisen on or before termination.

18. **GST**

18.1 The parties acknowledge and agree that the supply made pursuant to this Agreement:

18.1.1 is a supply of water that is GST-free in accordance with GSTR 2000/25;

18.1.2 any amount payable under this Agreement in respect of the taxable supply ("**Payment**") is exclusive of GST; and

18.1.3 if a supply under this Agreement is, in fact, not GST-free the Seller may, in addition to the Payment but subject to the Seller providing to the Buyer a tax invoice, recover from the Buyer (and the Buyer must pay or reimburse the Seller) an additional amount on account of GST, such additional amount to be calculated in accordance with the GST Law and to be paid by the Buyer at or before Settlement or at any time thereafter nominated by the Seller (the Seller having given to the Buyer a tax invoice not less than seven (7) days before Settlement or the nominated date for payment).

18.2 This clause shall survive Settlement and any termination of this Agreement by any party to this Agreement.

19. **Confidentiality and Announcement**

Each party must treat the existence and terms of this Agreement as confidential and no announcement or communication relating to the negotiations of the parties or to the

existence, subject matter or terms of this Agreement may be made or authorised by a party unless:

19.1 the other party has first given their written approval;

19.2 the disclosure is to the party's employees, consultants, professional advisers, bankers, financial advisers or financiers or to a person whose consent is required under this Agreement or for a transaction contemplated by it and those persons undertake to keep confidential any information so disclosed; or

19.3 the disclosure is:

19.3.1 made to the extent reasonably needed to comply with any Applicable Laws or requirement of any court, Government agency, Authority or regulatory body;

19.3.2 the disclosing party promptly gives notice of its intended disclosure to, and consults with, the other party to the extent practicable; and

19.3.3 the disclosing party uses its reasonable endeavours consistent with its obligations to minimise any such disclosure and to ensure that any confidential information so disclosed will be treated confidentially.

20. **Authority to complete**

The Buyer and the Seller each unconditionally authorise the Water Broker to complete on their behalf the Water Rights Registration Forms, and to rectify any errors or omissions in relation to those forms.

21. **Governing law**

This Agreement is governed by the laws of New South Wales. Each party irrevocably and unconditionally submits to the exclusive jurisdiction of the courts of New South Wales and courts of appeal from them in respect of all matters arising under or relating to this Agreement.

22. **Non-merger**

The terms of this Agreement will not merge upon Settlement but will continue in full force.

23. **Further assurances**

The parties will promptly do everything necessary or desirable even if not expressly stated in this Agreement, to ensure that the terms of this Agreement are fully carried into effect.

24. **Entire agreement**

This Agreement contains the entire agreement between the parties in respect of the subject matter of this Agreement.

25. **Amendments**

Any amendment to a term of this Agreement must be made in writing executed by the parties or duly authorised officers on behalf of the parties.

26. **Severability**

Every provision of this Agreement will be deemed severable as far as possible from the other provisions of this Agreement. If any provision is found to be void, illegal or unenforceable for any reason, it will be deemed to be severed and omitted from this Agreement. This Agreement with the offending provision severed and omitted and with any consequential amendment if necessary, will otherwise remain in full force.

27. **Notices**

Any notice to be given by a party must be signed by the party giving the notice or by one of its officers or its duly authorised lawyer or agent and must be hand delivered or sent by prepaid post or sent by facsimile or electronic mail to the recipient parties at the address, facsimile number or electronic mail address (as the case may be) as set out in this Agreement (or any other address, facsimile number or electronic mail address that a party may notify to the others) and will be deemed sufficiently given:

27.1 in the case of hand delivery, on the date of delivery;

27.2 in the case of prepaid post, four (4) Business Days after being sent by prepaid post;

27.3 in the case of facsimile, on receipt by the sender of a successful transmission answerback; or

27.4 in the case of electronic mail, on the day of transmission provided that the sender can give evidence of transmission and the intended recipient does not give evidence of non-receipt.

28. **Assignment**

This Agreement is personal to the parties and no party will assign its rights or obligations under this Agreement wholly or in part without the other parties' consent.

29. **Counterparts and effectiveness**

29.1 This Agreement may be executed in any number of counterparts and all counterparts taken together will constitute one and the same instrument. Satisfactory evidence of execution of this Agreement will include evidence of execution sent by facsimile or electronic transmission by the relevant party and in such case, the executing party undertakes to produce the original as soon as reasonably practicable thereafter.

29.2 This Agreement will only come into effect and be binding on the parties when it is duly executed by all parties.

30. **Costs**

30.1 Each party pays its own costs in relation to the preparation, negotiation and execution of this Agreement.

30.2 If stamp duty is payable in relation to the Transfer of the Water Rights, the Buyer will duly attend to stamping of and will pay any stamp duty assessable to this Agreement or the Water Rights Registration Forms.

30.3 A party that breaches this Agreement will pay all costs incurred by the other party in consequence of that breach but without limit to any other rights or remedies which the party not in breach may have as a result of that breach.

EXECUTED as an Agreement.

EXECUTED by **DUXTON VINEYARDS WATER PTY LTD** ACN 609 424 786 in accordance with Section 127(1) of the *Corporations Act 2001* (Cth):

*Director/*Sole Director and Sole Secretary

Edward Peter
Print Full Name

*Director/*Secretary

Mark Allen
Print Full Name

(*please delete the inapplicable title)
(Note: please affix common seal if required by the Company's Constitution)

EXECUTED by **DUXTON WATER LTD** ACN 611 976 517 in accordance with Section 127(1) of the *Corporations Act 2001* (Cth):

*Director/*Sole Director and Sole Secretary

Peter Michell
Print Full Name

*Director/*Secretary

Tom Rooney
Print Full Name

(*please delete the inapplicable title)
(Note: please affix common seal if required by the Company's Constitution)

SCHEDULE 1 – WATER RIGHTS

Description of Water Right	Category of Water Right	Holder of Water Right (as at date of the Valuation Report)	Volume (ML)
Zone 11 New South Wales Murray Regulated River			
WAL4949	High Security	Cudgee Creek Vineyards Pty Ltd	176.00
WAL5015	High Security	Gol Gol Vineyards Pty Ltd	340.00
WAL5016	General Security	Gol Gol Vineyards Pty Ltd	210.00
WAL5017	Supplementary	Gol Gol Vineyards Pty Ltd	83.00
WAL5232	High Security	David Alan Littore & Vincent John Littore (in equal shares as tenants in common)	184.00
WAL 9315	High Security	David Alan Littore & Vincent John Littore (in equal shares as tenants in common)	1,950.00
WAL9316	General Security	David Alan Littore & Vincent John Littore (in equal shares as tenants in common)	1.00
WAL37145	High Security	David Alan Littore, Vincent John Littore, Salvatore Mario Littore and Aurora Littore (as tenants in common)	270.00
Total			3,194

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Water Lease

TALBOTSAYER

Water Lease

Date

Parties

Name	Duxton Water Ltd
ACN	611 976 517
Short form name	**Lessor**
Notice details	c/o Max Toovey, 7 Pomona Road, Stirling SA, 5152
Notice email	Max.toovey@duxtonam.com

Name	Duxton Viticulture Pty Ltd
ACN	609 424 704
Short form name	**Lessee**
Notice details	c/o Max Toovey, 7 Pomona Road, Stirling SA, 5152
Notice email	Max.toovey@duxtonam.com

Reference Schedule

1.	Commencement Date	On Settlement of sale agreement entered into between the parties in July 2016 for the sale of the Water Entitlements (as that term is defined in the sale agreement)
2.	Expiry Date	30 June 2023
3.	Rent	$625,486.80 per annum
4.	Payment Period	Quarterly
5.	Bank Guarantee	Nil
6.	Water Entitlements	

Identifier	Area	Volume (ML)	Priority	Authority
WAL4949	Zone 11	176	High Security	
WAL5015	Zone 11	340	High Security	
WAL5016	Zone 11	210	General Security	
WAL5017	Zone 11	83	Supplementary	
WAL5232	Zone 11	164	High Security	
WAL9315	Zone 11	1,950	High Security	

	WAL9316	Zone 11	1	General Security	
	WAL37145	Zone 11	270	High Security	
7.	Option	Term	5 years		
		Percentage	6% of Current Market Value		
8.	Territory		New South Wales and Victoria		

TALBOTSAYER

Agreed terms

1. Grant of Lease

The Lessor grants to the Lessee the rights set out in this Lease for the Term. The Lessee acknowledges that:

(a) this Lease grants to the Lessee exclusive use and benefit of the Water Entitlements during the Term; and

(b) at the End of the Term, the Lessee will have no rights or claims concerning this Lease or the Water Entitlements.

2. Term and Commencement

(a) The Term commences on the Commencement Date and expires on the Expiry Date subject to the provisions of this Lease.

(b) The Expiry Date is the date stated in Item 2 of the Reference Schedule, unless varied by clause 13.

3. Rent

3.1 Rent

(a) The Rent is specified in Item 3 of the Reference Schedule.

(b) The Rent for each Water Year will be apportioned equally between each Payment Period which forms part of that Water Year.

(c) If necessary, the Rent for the first and last Payment Periods will be apportioned on a daily basis.

(d) The Lessee must pay the portion of the Rent attributable to each Payment Period to the Lessor by the last Business Day before the first day of each Payment Period.

(e) If the Lessee does not make a payment on time, then it must pay to the Lessor, on demand, interest on the unpaid Rent calculated on daily balances at the Default Interest Rate.

3.2 Payment of Rent is an unconditional obligation

The Lessee must pay the Rent in accordance with the Lease, whether or not:

(a) the Lessee actually takes or uses or has access to any water available under the Water Entitlements or Water Allocations; or

(b) there is any volume of water available under the Water Entitlements or the Water Allocations in any given Water Year or Payment Period.

3.3 Costs and Outgoings

The Lessor and Lessee shall each pay their own costs relating to this Lease. However, the Lessee shall pay to the Lessor on demand:

(a) all costs or fees associated with the registration or revocation of any Term Transfers of the Water Entitlements, or the assignment or transfer of any Water Allocations, which are required or authorised by this Lease;

(b) all Outgoings which the Lessor is liable to pay, and in the last year of the Term, the Lessor's reasonable estimate of any Outgoings which will be payable up to the end of the Term;

(c) all duty on or arising from this Lease or any transaction required under this Lease (including penalties and fines, other than penalties and fines due to the default of the Lessor); and

(d) all the Lessor's legal costs, reasonable administration costs and other costs (on a full indemnity basis) for:

(i) the default by the Lessee in observing or performing any obligations contained or implied in this Lease;

(ii) any application for consent required under this Lease (whether or not the consent is given);

(iii) any proposed assignment of, or other dealing with this Lease (whether or not the assignment or other dealing occurs); and

(iv) any surrender or termination of this Lease prior to the Expiry Date.

3.4 No set-off or counter-claim

The Lessee's obligations to pay Rent and any other payments required under this Lease are absolute and unconditional. The Lessee shall not abate, set-off, reduce or make any counter-claim against Rent or other payments owing under this Lease.

4. Benefit of Water Entitlements

4.1 Term Transfer

Where the Water Entitlements and Water Regulations permit a Term Transfer of the Water Entitlements, for each Water Year of the Term:

(a) once the Lessee has paid the Rent for the first Payment Period of the Water Year, the parties must use all reasonable endeavours to promptly complete, execute and lodge all necessary forms in advance of the commencement of that Water Year to facilitate the Term Transfer of the Water Entitlements for that Water Year; and

(b) if any Term Transfer under clause 4.1(a) did not come into effect until after the commencement of that Water Year, the parties must use all reasonable endeavours to promptly complete, execute and lodge all necessary forms to transfer any Water Allocations which were issued to the Lessor's account for that Water Year to the Lessee's account.

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4.2 Where Term Transfer not possible

Where the nature of the Water Entitlements or Water Regulations is such that a Term Transfer of the Water Entitlements is not possible, then subject to the Lessee not being in breach of any of its obligations under this Lease, the parties must use all reasonable endeavours to complete, execute and lodge all necessary forms to assign or otherwise transfer any Water Allocations to the Lessee promptly after they are declared.

5. Bank guarantee – Not applicable

6. Use of Water

6.1 Statutory Framework for Lease

The Lessor and the Lessee acknowledge that the performance of this Lease and the rights and obligations under this Lease are governed by, and subject to, the following:

(a) the Water Regulations; and

(b) the conditions on the Water Entitlements.

6.2 No Warranty by Lessor

The Lessee acknowledges and agrees with the Lessor that (otherwise than as is expressly contained in this Lease) no promise, representation, warranty or undertaking has been given by or on behalf of the Lessor:

(a) that the volume of the Water Entitlements (or any part of it) will be declared or available to the Lessee;

(b) about the quality of water or management of water within the Regulated Area;

(c) about the manner of storage or release of water in the Regulated Area; or

(d) that water within the Regulated Area or available under the Water Entitlements is potable or suitable for any purpose (whether or not it is a purpose to which Lessor knows the Lessee may put the water).

6.3 Compliance with Laws and requirements

The Lessee must:

(a) comply with and observe at the Lessee's cost all Laws and requirements of Authorities relating to or affecting the Water Entitlements or Water Allocations, including the Water Regulations, whether or not those Laws or requirements are addressed to or required to be complied with by either or both of Lessor and the Lessee or by any other person;

(b) immediately provide a complete copy to the Lessor of any requirements of Authorities notified to or served on the Lessee concerning the Water Entitlements;

(c) obtain, maintain, comply with and observe at the Lessee's cost all consents, licences or approvals from all Authorities which may from time to time be necessary or appropriate for the Lessee's business and/or the Lessee's use of water under the Water Allocations; and

(d) not, by any act or omission, cause or permit any event or circumstance to occur which will or could lead to the forfeiture of or any change to the Water Entitlements which would adversely affect the Lessor.

6.4 Lessor's rights if Lessee fails to comply

The Lessor may (without prejudice to any of the Lessor's other rights for non compliance) elect, at the Lessee's cost, to comply either wholly or partly with any Laws or requirements which the Lessee is required to comply with and observe under this Lease, including where the Lessee fails to comply within the appropriate time with any of the Lessee's obligations.

7. Assignment or dealings

7.1 No disposal of Lessee's interest

(a) The Lessee shall not (and shall not commence or attempt to) assign, grant any rights over or otherwise transfer, dispose of or deal with this Lease, the Water Entitlements or any part of them, unless the Lessee has obtained the Lessor's consent, which the Lessor may withhold at its absolute discretion.

(b) For the avoidance of doubt, nothing in this Lease shall limit the Lessee's ability to assign, grant any rights over or otherwise transfer, dispose of or deal with any Water Allocations which have been transferred to the Lessee's account.

7.2 Change in corporate ownership

If the Lessee is a corporation, any change in the shareholding or composition of the board of directors altering the Control of one half or greater of the shares of the corporation is deemed an assignment of this Lease which requires the Lessor's consent, which the Lessor may withhold at its absolute discretion.

7.3 Mortgaging Lessee's interest in Water Entitlements

The Lessee shall not mortgage, charge or otherwise encumber this Lease or the Lessee's interest in this Lease or the Water Entitlements without first obtaining the written consent of the Lessor, which consent shall not be unreasonably withheld where the credit provider (for the Lessee) enters into an agreement with the Lessor upon terms and conditions satisfactory to the Lessor.

7.4 Caveat

The Lessee will not lodge, and will not allow the lodgement of, any caveat over or in respect of the Water Entitlements.

7.5 Assignment by the Lessor

The Lessor may assign its rights and obligations under this Lease to any person.

8. Exclusion of Lessor's Liability

8.1 Risk and Release of Lessee

The Lessee acknowledges and agrees that this Lease relates to the Water Entitlements and therefore:

(a) the rights of the Lessee to take water under the Water Entitlements is subject to the Water Regulations, the terms and conditions of which may change from time to time;

(b) during the Term, the Water Entitlements shall be at the sole risk of the Lessee and the Lessee bears the risks of changes to the Water Regulations or the conditions applying to the Water Entitlements; and

(c) the Lessee, to the full extent permitted by law, releases the Lessor and its agents, employees, managers and contractors from and they will not be liable for any Claim that the Lessee or any person in any way involved in taking or using water available under this Lease or any person claiming by, through or under the Lessee may incur or make or any which arises from:

(i) the availability or non availability of any water to be taken under the Water Entitlements or Water Allocations for any reason;

(ii) any inability on the part of the Lessee, for any reason at all other than default by the Lessor under this Lease, to exercise any rights to take water available under the Water Entitlements or Water Entitlements;

(iii) any changes to the Water Regulations or the conditions applying to the Water Entitlements;

(iv) any change in Law; and

(v) any matter for which the Lessor makes no promise or representation or gives no warranty or undertaking under this Lease or for which the Lessee has disclaimed the benefits of any promise, representation, warranty or undertaking by the Lessor.

8.2 Indemnity

The Lessee indemnifies and shall keep indemnified the Lessor and its agents, employees, managers and contractors against all Claims for which they shall or may be or become liable, whether during or after the Term, for, arising from or contributed to by any act, neglect, default or omission of the Lessee or any person in any way involved in the taking or use of any water under the Water Entitlements or any other person claiming through or under the Lessee.

9. Default and termination

9.1 Events of Default

An event of default shall have occurred (**Event of Default**) where:

(a) any Rent, interest or any other amount or any part of it payable by the Lessee under this Lease remains unpaid for a period exceeding 14 days, whether or not formal or legal demand for payment has been made;

(b) the Lessee or some person on behalf of the Lessee has given notice to the Lessor or a person on behalf of the Lessor that any Rent, interest or any other amount payable by the Lessee under this Lease will not be paid or will not be paid in full within 14 days of becoming due;

(c) contrary to the provisions of this Lease:

(i) the Lessee assigns, charges, grants any right over or otherwise disposes or deals with this Lease or the Water Entitlements or any part of them; or

(ii) an event occurs for the corporate ownership of the Lessee which this Lease deems to be a breach of the Lessee's obligation not to assign its interest in this Lease;

(d) the Lessee becomes affected by an Insolvency Event;

(e) the Lessee dies or becomes of unsound mind or their estate is liable to be dealt with in any way under the laws relating to mental health; or

(f) the Lessee breaches a provision of this Lease and has not remedied that breach within 14 days of service of notice of the breach from the Lessor.

9.2 Termination of Lease

If an Event of Default has occurred, the Lessor may, without prejudice to any other Claim which the Lessor has or may have or could otherwise have against the Lessee, any guarantor or any other person for that Event of Default, at any subsequent time do any one or more of the following:

(a) revoke any Term Transfer and take and deal with the Water Entitlements;

(b) terminate this Lease; or

(c) recover from the Lessee any loss suffered by the Lessor as a result of the Lessee's default.

9.3 Damages for breach of essential conditions

(a) The parties agree that if any of the events referred to in clauses 9.1(a), 9.1(b), 9.1(c), or 9.1(d) occur, there shall have been a breach by the Lessee of a fundamental and essential condition in this Lease, amounting to a repudiation of this Lease by the Lessee.

(b) In addition to the rights of action and remedies of the Lessor referred to in this clause or otherwise, where the Lessor has determined this Lease upon a breach by the Lessee of a fundamental and essential condition in this Lease having occurred, the Lessee shall pay to the Lessor the difference between all Rent and other money payable by the Lessee for the balance of the Term had it not been determined and the amount (if any) which the Lessor does receive or reasonably anticipates (at the time when the Lessor makes a claim for damages under this sub clause or, if litigation proceeds to judgment in favour of the Lessor, at the time of the judgment) that it will receive during the period of the balance of the Term from other lessees of the Water Entitlements.

9.4 Lessor may rectify

The Lessor may, but shall not be obliged to, remedy at any time without notice any default by the Lessee under this Lease, and all reasonable costs incurred by the Lessor (including, without limitation, legal costs) in remedying a default shall constitute a liquidated debt owed by the Lessee to the Lessor and shall be paid by the Lessee to the Lessor on demand.

9.5 Benefit of Lessee's obligations

If any person other than the Lessor becomes entitled to receive the Rent either by operation of law or otherwise:

(a) that person shall have the benefit of all obligations on the part of the Lessee under this Lease; and

(b) the Lessee at the cost of the Lessor shall enter into any document with that other person in this regard which the Lessor may reasonably require.

10. Carryover and residual water

10.1 Carryover water

(a) Where any of the Water Allocations are entitled to be carried over to the next Water Year, the Lessee must not relinquish any of those Water Allocations unless it has first given written notice to the Lessor of its intention to do so, and the volume of the Water Allocations that it will be relinquishing, at least 20 Business Days before the end of the Water Year.

(b) If the Lessor receives a notice under clause 10.1(a), the Lessor may, within 10 Business Days of receiving the notice, give the Lessee a written notice requiring that the Lessee transfer the Water Allocations that the Lessee notified it intended to relinquish to an account nominated by the Lessor before the end of the Water Year. Notwithstanding anything else within this document, all fees payable to Authorities relating to the transfer of these Water Allocations to the Lessor are to be borne by the Lessor.

10.2 Residual water where Lease is terminated due to Lessee's default

(a) If this Lease is terminated due to any breach or default by the Lessee, any unused Water Allocations at the date of the termination of this Lease (**Residual Water**) will become the property of the Lessor. If any other water allocations have been made to the Lessee's account as a result of water entitlements other than the Water Entitlements (**External Water Allocations**), the Lessee will be considered to have exhausted the allocations from the External Water Allocations first.

(b) The Lessee must do anything and execute any document necessary to transfer any Residual Water to an account nominated by the Lessor.

11. Power of Attorney

11.1 Persons appointed as Lessee's attorney

The Lessee irrevocably appoints the Lessor and each director of the Lessor, jointly and each of them severally, to be the attorney of the Lessee to:

(a) where the Law requires the Lease or any dealing related to the Water Entitlements to be recorded in a register, to sign a document in registrable form on the same terms and conditions contained in this Lease subject to any modifications required by Law, including the form of the document; and

(b) act, after the power to forfeit or terminate contained in this Lease shall have become exercisable (sufficient proof of which shall be a statutory declaration to that effect by or on behalf of the Lessor), to execute (where applicable):

(i) a surrender of any Term Transfer of the Water Entitlements;

(ii) an assignment, transfer, or trade of any Residual Water; and

(iii) any other document necessary to return complete legal and beneficial ownership in the Water Entitlements and Residual Water to the Lessor.

11.2 Lessee ratifies and confirms

The Lessee promises in favour of the Lessor and any attorney of the Lessee under this clause to:

(a) ratify and confirm whatever the attorney appointed under this Lease shall lawfully do or cause to be done for the Water Entitlements or this Lease; and

(b) pay to the Lessor on demand the amount of any costs or other liabilities incurred by or on behalf of the Lessor or the attorney appointed under this Lease in the exercise of the powers referred to in this clause.

11.3 Unpaid costs

If the Lessee does not pay to the Lessor on demand the amount of any costs or other liabilities incurred by or on behalf of the Lessor or any attorney appointed under this Lease in the exercise of the powers referred to in this clause, the provisions of this Lease relating to the payment of interest on unpaid Rent shall apply for that unpaid amount from the date of demand until payment is made to the Lessor.

12. GST

12.1 Definitions

Any terms capitalised in this clause 12 and not already defined in clause 17.1 have the same meaning given to those terms in the GST Act.

12.2 GST exclusive

Except under this clause 12, the consideration for a Supply made under or in connection with this document does not include GST.

12.3 Taxable Supply

If a Supply made under or in connection with this document is a Taxable Supply, then at or before the time any part of the consideration for the Supply is payable:

(a) the Recipient must pay the Supplier an amount equal to the total GST for the Supply, in addition to and in the same manner as the consideration otherwise payable under this document for that Supply; and

(b) the Supplier must give the Recipient a Tax Invoice for the Supply.

12.4 Later GST change

For the avoidance of doubt, the GST payable under clause 12.3 is correspondingly increased or decreased by any subsequent adjustment to the amount of GST for the Supply for which the Supplier is liable, however caused.

13. Option to extend the Term

13.1 Grant of option

If an Option Term is specified in the Item 7 of the Reference Schedule, the Lessor grants the Lessee the option to extend the Term for the Option Term on the terms set out in this clause 13.

13.2 Option to extend the Term

(a) If the Lessee wishes to exercise its option to extend the Term, it must notify the Lessor in writing no more than six and no less than four months before the Expiry Date that it wishes the Lessor to determine the Current Market Rent.

(b) If the Lessor receives notice under clause 13.2(a), the Lessor must determine the Current Market Value of the Water Entitlements and give the Lessee written notice of the Current Market Rent of the Water Entitlements at least three months before the Expiry Date.

13.3 Exercise of Option

(a) The Lessee may exercise its option to extend the Term by giving the Lessor, within 20 Business Days of receiving a notice from the Lessor under clause 13.2(b), a written notice that the Lessee wishes to exercise its option to extend the Term.

(b) If the Lessee exercises its option to extend the Term in accordance with clause 13.3(a), any notice issued under clause 14.2(b) lapses, and the Lessee will not be entitled to exercise any option to purchase under clause 14 until the final six months of the extended Term.

13.4 Variations if option to extend the Term is exercised

If the Lessee exercises the option to extend the Term for the Option Term, the terms and conditions of the Lease will remain the same, save for:

(a) the Rent for the period commencing at the start of the Option Term will be varied to be the Current Market Rent determined by the Lessor in accordance with clause 13.2(a);

(b) the Expiry Date will be varied to the end of the Option Term; and

(c) this clause will be deleted.

14. Option to purchase

14.1 Grant of option

The Lessor grants the Lessee the option to purchase the Water Entitlements free from encumbrances on the terms set out in this clause 14.

14.2 Option to purchase

(a) If the Lessee wishes to exercise its option to purchase the Water Entitlements, it must notify the Lessor in writing no more than six and no less than four months before the Expiry Date that it wishes to exercise the option to purchase and Current Market Value will be determined accordance with clause 14.2(b) below.

(b) If the Lessor receives notice under clause 14.2(a), the parties must take all action necessary to determine the Current Market Value of the Water Entitlements and give the Lessee written notice of the Current Market Value of the Water Entitlements at least three months before the Expiry Date

14.3 Exercise of option

(a) The Lessee may exercise its option to purchase the Water Entitlements by giving the Lessor, within 20 Business Days of receiving a notice from the Lessor under clause 14.2(b):

(i) written notice that the Lessee wishes to exercise its option to purchase the Water Entitlements;

(ii) the Water Sale Agreement (in duplicate), duly completed and executed by the Lessee, with:

(A) the purchase price inserted to be the Current Market Value; and

(B) the effective date inserted to be the date after the Expiry Date; and

(iii) a bank cheque for the deposit under the Water Sale Agreement, being 10% of the Current Market Value.

(b) If the Lessee validly exercise the option to purchase the Water Entitlements, the Lessor must complete and otherwise execute the accompanying Water Sale Agreement in duplicate and deliver one copy of the executed Water Sale Agreement to the Lessee within 5 Business Days.

(c) If there has been a change in law or a change relating to the identification or nature of the Water Entitlements since the date of this Lease that would make the Water Sale Agreement unenforceable or ineffective to convey the Water Entitlements, the parties must use their best endeavours to make any necessary amendments to the Water Sale Agreement in order to ensure that it is enforceable and effective to convey the Water Entitlements.

(d) If the Lessee exercises its option to purchase the Water Entitlements in accordance with clause 14.3(a), any notice issued under clause 13.2(b) lapses, and the Lessee will not be entitled to exercise any outstanding option to extend the Term under clause 13.

15. Right of First Refusal

(a) Should the Lessee have not have exercised their option to renew and/or their option to purchase under clauses 13 and 14 above then the Lessor covenants with the Lessee not to sell or lease or agree to sell or lease the Water Entitlements to any person other than the Lessee unless:

(i) the Lessor has first offered in writing to sell or lease the Water Entitlements to the Lessee at a price not greater than the price at which the Water Entitlements are actually sold or leased or agreed to be sold or leased and upon terms as to payment that are otherwise not less favourable to the Lessee than the terms upon which the said Water Entitlements are actually sold or leased or agreed to be sold or leased, and the Lessee has not accepted that offer within fourteen days after receipt of that offer;

(ii) the Lessee has rejected an option to extend the Term of the Lease for the Current Market Rent under clause 13, and the Lessee leases the Water Entitlements on terms no more favourable than those rejected by the Lessee;

(iii) the Lessee has rejected an option to purchase the Water Entitlements for the Current Market Value under clause 14, and the Lessor sells the Water Entitlements on terms no more favourable than those rejected by the Lessee; or

(iv) the Lessor sells the Water Entitlements by public auction after notifying the Lessee of the time and location of the public auction.

(b) Nothing in this covenant shall be construed as prohibiting the Lessor from entering into a contract to sell or lease the Water Entitlements to any person conditionally upon the Lessee's rejection of any offer of sale or lease or both of the Water Entitlements made in accordance with this condition.

(c) This clause shall apply during the term of this Lease and for a period of six months after the Expiry Date of this Lease or any lease entered after the exercise of any option to renew.

16. General

16.1 Lessor's obligations

Every obligation on the part of the Lessor, shall bind the Lessor or any successor or assignee only during the periods when it is entitled to receive the Rent.

16.2 Consent of the Lessor

Unless this Lease otherwise requires, where the Lessor has a discretion or its consent or approval is required for anything, the Lessor shall be entitled to withhold or delay its decision, consent or approval without giving any reason.

16.3 Amendments

This Lease may only be amended by written agreement between all parties.

16.4 Counterparts

This document may be signed in any number of counterparts. All counterparts together make one instrument.

16.5 No merger

The rights and obligations of the parties under this document do not merge on completion of any transaction contemplated by this document.

16.6 Entire agreement

(a) This document supersedes all previous agreements about their subject matter and embodies the entire agreement between the parties.

(b) To the extent permitted by law, any statement, representation, term, warranty, condition, promise or undertaking made, given or agreed to in any manner, has no effect except to the extent expressly set out or incorporated by reference in this document.

16.7 Further assurances

Each party must take all steps, execute all documents and do everything reasonably required by the other party to give effect to any provisions of this Lease.

16.8 No waiver

(a) The failure of a party to require full or partial performance of any provision of this document does not affect the right of that party to require that performance subsequently.

(b) A single or partial exercise of or waiver of the exercise of any right, power or remedy does not preclude any other or further exercise of that or any other right, power or remedy.

(c) A right under this document may only be waived in writing signed by the party granting the waiver, and is effective only to the extent specifically set out in that waiver.

16.9 Governing law and jurisdiction

(a) The law of the Territory governs this document.

(b) Each party irrevocably submits to the non-exclusive jurisdiction of the Territory's courts and courts competent to hear appeals from those courts.

16.10 Severability

(a) A clause or part of a clause of this document that is illegal or unenforceable may be severed from this document and the remaining clauses or parts of the clause of this document continue in force.

(b) If any provision is or becomes illegal, unenforceable or invalid in any jurisdiction, it is to be treated as being severed from this document in the relevant jurisdiction, but the rest of this document will not be affected.

16.11 Notice

(a) A notice, consent or communication under this document is only effective if it is:

(i) in writing, signed by or on behalf of the person giving it;

(ii) addressed to the person to whom it is to be given; and

(iii) given as follows:

(A) delivered by hand to that person's address;

(B) sent to that person's address by prepaid mail or by prepaid airmail, if the address is overseas; or

(C) sent to that person's email address and no 'bounce back' message was received by the sender.

(b) A notice, consent or communication delivered under this clause 16.11 is given and received:

(i) if it is hand delivered:

(A) by 5.00pm (local time in the place of receipt) on a Business Day – on that day; or

(B) after 5.00pm (local time in the place of receipt) on a Business Day, or on a day that is not a Business Day – on the next Business Day; and

(ii) if it is sent by post:

(A) within Australia – three Business Days after posting; or

(B) to or from a place outside Australia – seven Business Days after posting.

(iii) if it is sent by email, at the time it is received in the recipient's inbox.

(c) A person's address is as set out at the commencement of this document or as the person notifies to the other party or parties at any time in writing.

(d) A notice, consent or communication must be in writing and may be signed by the party giving it, by that party, or by that party's lawyer.

16.12 Time is of the essence

Time shall be of the essence of this Lease in relation to the performance by the Lessee of its obligations under this Lease.

17. Defined terms and interpretation

17.1 Defined terms

In this document:

Authority	means any Court, or any state or federal government, local government, statutory or public authority, instrumentality, body, Irrigation Infrastructure Operator or any other person having jurisdiction over the Water Entitlements or Water Allocations, or anything relating to the Water Entitlements or Water Allocations.
Bankruptcy Act	means the *Bankruptcy Act 1966* (Cth).
Business Day	means a day that is not a Saturday, Sunday or public holiday in Adelaide, South Australia.
Claim	means any claim, action, proceeding or demand, however it arises and whether it is present or future, fixed or unascertained, actual or contingent.
Commencement Date	means the commencement date of the Term being the date specified in Item 1 of the Reference Schedule and as provided for in clause 2.
Control	has the meaning given in the Corporations Act.
Corporations Act	means *Corporations Act 2001* (Cth).
Current Market Rent	means an amount per annum equal to the Option Percentage of the Current Market Value of the Water Entitlements determined in accordance with the Current Market Value review.
Current Market Value	means the current market value of the Water Entitlements determined by an independent third party review conducted by a registered valuer appointed by the Lessor to determine the fair value on a dollars per ML basis of the Water Entitlements.
Default Interest Rate	means the Reserve Bank of Australia cash rate plus 3% per annum.
End of the Term	means the end of the Term, whether arising through termination of this Lease through effluxion of time or otherwise.
Expiry Date	means the expiry date of the Term, being the date specified in Item 2 of the Reference Schedule.

GST Act	means *A New Tax System (Goods and Services Tax) Act 1999* (Cth), or, if that Act does not exist for any reason, means any Act imposing or relating to the imposition or administration of a goods and services tax in Australia and any regulation made under that Act.
Insolvency Event	in relation to a party means any of the following events concerning a party, unless the events take place as part of a solvent reconstruction, amalgamation, merger or consolidation: (a) if an administrator, liquidator, receiver, receiver and manager or other controller (as defined in the Corporations Act) is appointed to, or over, any of the property or undertaking of the party; (b) if an order is made or an effective resolution is passed for the winding up or dissolution of the party without winding up; (c) if the party is made bankrupt, declared bankrupt or files a petition for relief under bankruptcy laws; (d) if the party dies or is, or is declared to be incompetent or unable to conduct his or her affairs; (e) if the party or the party's property or undertaking becomes subject to a personal insolvency arrangement under part X Bankruptcy Act or a debt agreement under part IX Bankruptcy Act; (f) if the party is unable to pay its debts as and when they fall due or has stopped or suspended, or threatened to stop or suspend, payment of all or a class of its debts; (g) if the holder of an Encumbrance takes possession of the whole or substantial part of the undertaking or property of the party; or (h) if any event happens in Australia or any other country or territory in respect of a party that is similar to any of the events or circumstances referred to in this definition.
Irrigation Infrastructure Operator	means any corporation specified as the "Authority" for any of the Water Entitlements in item 6 of the Reference Schedule.
Law	means: (a) the principles of law or equity established by decisions of Australian courts; (b) any legislation, statutes, acts, rules, orders, regulations, by-laws, local laws, policies or ordinances which are enacted, issued or promulgated by the State, a Minister, the Chief Executive under the Water Act, a corporation or authority constituted for a public purpose or a local authority; and (c) requirements made or arising under or under any of the matters referred to in paragraphs (a) or (b) above.
Lease	means this document.
ML	means megalitre, or one million litres.
Option Percentage	means the percentage (if any) specified at item 7 of the Reference Schedule.

Option Term	means the period (if any) stated in Item 7 of the Reference Schedule.
Outgoings	means all costs and liabilities incurred by the Lessor which are associated with or otherwise incidental to owning or holding the Water Entitlements or the Water Allocations, or the taking of water under the Water Allocations by the Lessee, including any costs associated with holding shares in, comply with the rules of, or receiving water allocations from any Irrigation Infrastructure Operator.
Payment Period	means the period stated in Item 4 of the Reference Schedule.
Regulated Area	means the area to which each of the Water Entitlements apply, as set out in item 6 of the Reference Schedule.
Rent	means the annual rent payable by the Lessee to the Lessor under this Lease for each Water Year, as set out in Item 3 of the Reference Schedule.
Residual Water	has the meaning set out in clause 10.2.
Term	means the term of this Lease as specified in clause 2.
Term Transfer	means the assignment, term transfer or limited term transfer of the Water Entitlements, or any other form of temporary transfer (including directions to an Irrigation Infrastructure Operator to provide the Lessee with all water allocations of the Water Entitlements for a given Water Year).
Territory	means the state or territory specified at item 8 of the Reference Schedule.
Water Act	means: (a) the *Water Management Act 2000* (NSW) for Water Entitlements where the Regulated Area is within New South Wales; and (b) the *Water Act 1989* (Vic) for Water Entitlements where the Regulated Area is within Victoria, or, if an Act ceases to exist for any reason, means any Act replacing that Act for the purposes of regulating the Water Entitlements.
Water Allocation	means any water allocation (as defined in the Water Act) which the holder of the Water Entitlements is entitled to for the duration of the Term.
Water Entitlements	means the water entitlements described in Item 6 of the Reference Schedule.
Water Regulations	means the Water Act, any regulations made under that Act, the rules of any Irrigation Infrastructure Operator that apply to the Water Entitlements, and any water sharing plan, sustained water strategy, regional river health strategy, stream flow management plan, groundwater management plan or bulk entitlement that applies to the Water Entitlements.
Water Sale Agreement	means a water sale agreement on substantially the same terms as the water sale agreement entered into between the parties in July 2016 for the sale of the Water Entitlements.
Water Year	means each separate period of 12 months (or part thereof) of the Term, commencing on 1 July and ending on 30 June.

17.2 Interpretation

In this document:

(a) a reference to a clause, schedule, annexure or party is a reference to a clause of, and a schedule, annexure or party to, this document and references to this document include any schedules or annexures;

(b) a reference to a party to this document or any other document or agreement includes the party's successors, permitted substitutes and permitted assigns;

(c) if a word or phrase is defined, its other grammatical forms have a corresponding meaning;

(d) a reference to a document or agreement (including a reference to this document) is to that document or agreement as amended, supplemented, varied or replaced;

(e) a reference to this document includes the agreement recorded by this document;

(f) a reference to legislation or to a provision of legislation (including subordinate legislation) is to that legislation as amended, re-enacted or replaced, and includes any subordinate legislation issued under it;

(g) if any day on or by which a person must do something under this document is not a Business Day, then the person must do it on or by the next Business Day;

(h) a reference to a person includes a corporation, trust, partnership, unincorporated body, government and local authority or agency, or other entity whether or not it comprises a separate legal entity;

(i) a reference to 'month' means calendar month;

(j) this document is not to be interpreted against the interests of a party merely because that party proposed this document or some provision in it or because that party relies on a provision of this document to protect itself;

(k) a reference to a day is to be interpreted as the period of time commencing at midnight and ending 24 hours later;

(l) a reference to '$' or 'dollar' is to Australian currency;

(m) the meaning of any general language is not restricted by any accompanying example, and the words 'includes', 'including', 'such as' or 'for example' (or similar phrases) do not limit what else might be included.

Signing page

EXECUTED as a deed

Executed by **Lessor:**

Signature of director	Signature of director/company secretary (Please delete as applicable)
Name of director (print)	Name of director/company secretary (print)

Executed by **Lessee:**

Signature of director	Signature of director/company secretary (Please delete as applicable)
Name of director (print)	Name of director/company secretary (print)

Certificates

Provided by CITEC Confirm

LAND AND PROPERTY INFORMATION NEW SOUTH WALES - TITLE SEARCH

FOLIO: WAL37145

SEARCH DATE	TIME	EDITION NO	DATE
1/7/2016	12:20 PM	-	-

CERTIFICATE OF TITLE HAS NOT ISSUED

WARNING NOTE: INFORMATION ON THIS REGISTER IS NOT GUARANTEED

TENURE TYPE: CONTINUING

HOLDER(S)

DUXTON WATER PTY LTD (T AK394977)

ENCUMBRANCES (2 ENCUMBRANCES)

1 TERM TRANSFER: NIL
* 2 AK394978 MORTGAGE TO NATIONAL AUSTRALIA BANK LIMITED

NOTATIONS

LICENCE CERTIFICATE NOT ISSUED. DEALINGS MAY BE REGISTERED. SEE NOTES. SECURITY INTERESTS NOT RECORDED HEREON MAY EXIST THAT AFFECT THIS ACCESS LICENCE. A SEARCH OF LPI RECORDS (AND ASIC RECORDS FOR COMPANY CHARGES) IS RECOMMENDED.
UNREGISTERED DEALINGS: NIL

ACCESS LICENCE DETAILS

CATEGORY: REGULATED RIVER (HIGH SECURITY)

SHARE COMPONENT:
SHARE - 270 UNITS
WATER SOURCE - NEW SOUTH WALES MURRAY REGULATED RIVER WATER SOURCE
WATER SHARING PLAN - NEW SOUTH WALES MURRAY AND LOWER DARLING REGULATED RIVERS WATER SOURCES 2003

EXTRACTION COMPONENT:
TIMES/RATES/CIRCUMSTANCES - SUBJECT TO THE CONDITIONS OF THE WATER ACCESS LICENCE
EXTRACTION FROM - RIVER, LAKE OR SURFACE WATER RUNOFF
EXTRACTION ZONE - THAT PART OF THE WATER SOURCE DOWNSTREAM OF THE RIVER MURRAY AT PICNIC POINT

NOMINATED WORKS:
WORK APPROVAL NUMBER(S) - 60WA581729

END OF PAGE 1 - CONTINUED OVER

Duxton HB PRINTED ON 1/7/2016

LAND AND PROPERTY INFORMATION NEW SOUTH WALES - TITLE SEARCH

FOLIO: WAL37145 PAGE 2

ACCESS LICENCE DETAILS (CONTINUED)

INTERSTATE TAGGING ZONE - NIL

CONDITIONS

LICENCE CONDITIONS FORM A PART OF THIS LICENCE AND AFFECT THE SHARE AND EXTRACTION COMPONENTS. CONDITION STATEMENTS ARE AVAILABLE FROM THE NSW OFFICE OF WATER (NOW).

NOTES

A WATER LICENCE INFORMATION SHEET IS AVAILABLE FROM THE NSW OFFICE OF WATER (NOW) AND SHOULD BE REFERRED TO IN INTERPRETING THIS LICENCE.
NOW WEBSITE WWW.WATER.NSW.GOV.AU, PHONE 1800 353 104, EMAIL INFORMATION@WATER.NSW.GOV.AU
NOW REFERENCE NUMBER: 60AL503229

*** END OF SEARCH ***

Provided by CITEC Confirm

LAND AND PROPERTY INFORMATION NEW SOUTH WALES - TITLE SEARCH

FOLIO: WAL9316

SEARCH DATE	TIME	EDITION NO	DATE
1/7/2016	12:19 PM	3	30/6/2016

WARNING NOTE: INFORMATION ON THIS REGISTER IS NOT GUARANTEED

TENURE TYPE: CONTINUING

HOLDER(S)

DUXTON WATER PTY LTD (TP AK394718)

ENCUMBRANCES (2 ENCUMBRANCES)

1 TERM TRANSFER: NIL
2 AK394719 MORTGAGE TO NATIONAL AUSTRALIA BANK LIMITED

NOTATIONS

UNREGISTERED DEALINGS: NIL

ACCESS LICENCE DETAILS

CATEGORY: REGULATED RIVER (GENERAL SECURITY)

SHARE COMPONENT:
SHARE - 1 UNITS
WATER SOURCE - NEW SOUTH WALES MURRAY REGULATED RIVER WATER SOURCE
WATER SHARING PLAN - NEW SOUTH WALES MURRAY AND LOWER DARLING REGULATED RIVERS WATER SOURCES 2003

EXTRACTION COMPONENT:
TIMES/RATES/CIRCUMSTANCES - SUBJECT TO THE CONDITIONS OF THE WATER ACCESS LICENCE
EXTRACTION FROM - RIVER, LAKE OR SURFACE WATER RUNOFF
EXTRACTION ZONE - THAT PART OF THE WATER SOURCE DOWNSTREAM OF THE RIVER MURRAY AT PICNIC POINT

NOMINATED WORKS:
WORK APPROVAL NUMBER(S) - 60CA581367
INTERSTATE TAGGING ZONE - NIL

CONDITIONS

LICENCE CONDITIONS FORM A PART OF THIS LICENCE AND AFFECT THE SHARE AND EXTRACTION COMPONENTS. CONDITION STATEMENTS ARE AVAILABLE FROM

END OF PAGE 1 - CONTINUED OVER

Duxton HB PRINTED ON 1/7/2016

LAND AND PROPERTY INFORMATION NEW SOUTH WALES - TITLE SEARCH

FOLIO: WAL9316 PAGE 2

CONDITIONS (CONTINUED)

THE NSW OFFICE OF WATER (NOW).

NOTES

A WATER LICENCE INFORMATION SHEET IS AVAILABLE FROM THE NSW OFFICE OF WATER (NOW) AND SHOULD BE REFERRED TO IN INTERPRETING THIS LICENCE.
NOW WEBSITE WWW.WATER.NSW.GOV.AU, PHONE 1800 353 104, EMAIL INFORMATION@WATER.NSW.GOV.AU
NOW REFERENCE NUMBER: 60AL581366
PREVIOUS WATER ACT LICENCE NUMBER(S): 60SL085306.

*** END OF SEARCH ***

Provided by CITEC Confirm

LAND AND PROPERTY INFORMATION NEW SOUTH WALES - TITLE SEARCH

FOLIO: WAL9315

SEARCH DATE	TIME	EDITION NO	DATE
1/7/2016	12:19 PM	7	30/6/2016

WARNING NOTE: INFORMATION ON THIS REGISTER IS NOT GUARANTEED

TENURE TYPE: CONTINUING

HOLDER(S)

DUXTON WATER PTY LTD (TP AK394718)

ENCUMBRANCES (2 ENCUMBRANCES)

1 TERM TRANSFER: NIL
2 AK394719 MORTGAGE TO NATIONAL AUSTRALIA BANK LIMITED

NOTATIONS

UNREGISTERED DEALINGS: NIL

ACCESS LICENCE DETAILS

CATEGORY: REGULATED RIVER (HIGH SECURITY)

SHARE COMPONENT:
SHARE - 1950 UNITS
WATER SOURCE - NEW SOUTH WALES MURRAY REGULATED RIVER WATER SOURCE
WATER SHARING PLAN - NEW SOUTH WALES MURRAY AND LOWER DARLING REGULATED RIVERS WATER SOURCES 2003

EXTRACTION COMPONENT:
TIMES/RATES/CIRCUMSTANCES - SUBJECT TO THE CONDITIONS OF THE WATER ACCESS LICENCE
EXTRACTION FROM - RIVER, LAKE OR SURFACE WATER RUNOFF
EXTRACTION ZONE - THAT PART OF THE WATER SOURCE DOWNSTREAM OF THE RIVER MURRAY AT PICNIC POINT

NOMINATED WORKS:
WORK APPROVAL NUMBER(S) - 60CA581367
INTERSTATE TAGGING ZONE - NIL

CONDITIONS

LICENCE CONDITIONS FORM A PART OF THIS LICENCE AND AFFECT THE SHARE AND EXTRACTION COMPONENTS. CONDITION STATEMENTS ARE AVAILABLE FROM

END OF PAGE 1 - CONTINUED OVER

Duxton HB PRINTED ON 1/7/2016

LAND AND PROPERTY INFORMATION NEW SOUTH WALES - TITLE SEARCH

FOLIO: WAL9315 PAGE 2

CONDITIONS (CONTINUED)

THE NSW OFFICE OF WATER (NOW).

NOTES

A WATER LICENCE INFORMATION SHEET IS AVAILABLE FROM THE NSW OFFICE OF WATER (NOW) AND SHOULD BE REFERRED TO IN INTERPRETING THIS LICENCE.
NOW WEBSITE WWW.WATER.NSW.GOV.AU, PHONE 1800 353 104, EMAIL INFORMATION@WATER.NSW.GOV.AU
NOW REFERENCE NUMBER: 60AL581365
PREVIOUS WATER ACT LICENCE NUMBER(S): 60SL085306.

*** END OF SEARCH ***

Provided by CITEC Confirm

LAND AND PROPERTY INFORMATION NEW SOUTH WALES - TITLE SEARCH

FOLIO: WAL5232

SEARCH DATE	TIME	EDITION NO	DATE
1/7/2016	12:17 PM	3	30/6/2016

WARNING NOTE: INFORMATION ON THIS REGISTER IS NOT GUARANTEED

TENURE TYPE: CONTINUING

HOLDER(S)

DUXTON WATER PTY LTD (TP AK394718)

ENCUMBRANCES (2 ENCUMBRANCES)

1 TERM TRANSFER: NIL
2 AK394719 MORTGAGE TO NATIONAL AUSTRALIA BANK LIMITED

NOTATIONS

UNREGISTERED DEALINGS: NIL

ACCESS LICENCE DETAILS

CATEGORY: REGULATED RIVER (HIGH SECURITY)

SHARE COMPONENT:
SHARE - 164 UNITS
WATER SOURCE - NEW SOUTH WALES MURRAY REGULATED RIVER WATER SOURCE
WATER SHARING PLAN - NEW SOUTH WALES MURRAY AND LOWER DARLING REGULATED RIVERS WATER SOURCES 2003

EXTRACTION COMPONENT:
TIMES/RATES/CIRCUMSTANCES - SUBJECT TO THE CONDITIONS OF THE WATER ACCESS LICENCE
EXTRACTION FROM - RIVER, LAKE OR SURFACE WATER RUNOFF
EXTRACTION ZONE - THAT PART OF THE WATER SOURCE DOWNSTREAM OF THE RIVER MURRAY AT PICNIC POINT

NOMINATED WORKS:
WORK APPROVAL NUMBER(S) - 60CA581222
INTERSTATE TAGGING ZONE - NIL

CONDITIONS

LICENCE CONDITIONS FORM A PART OF THIS LICENCE AND AFFECT THE SHARE AND EXTRACTION COMPONENTS. CONDITION STATEMENTS ARE AVAILABLE FROM

END OF PAGE 1 - CONTINUED OVER

Duxton HB PRINTED ON 1/7/2016

LAND AND PROPERTY INFORMATION NEW SOUTH WALES - TITLE SEARCH

FOLIO: WAL5232 PAGE 2

CONDITIONS (CONTINUED)

THE NSW OFFICE OF WATER (NOW).

NOTES

A WATER LICENCE INFORMATION SHEET IS AVAILABLE FROM THE NSW OFFICE OF WATER (NOW) AND SHOULD BE REFERRED TO IN INTERPRETING THIS LICENCE.
NOW WEBSITE WWW.WATER.NSW.GOV.AU, PHONE 1800 353 104, EMAIL INFORMATION@WATER.NSW.GOV.AU
NOW REFERENCE NUMBER: 60AL581221
PREVIOUS WATER ACT LICENCE NUMBER(S): 60SL085186.

*** END OF SEARCH ***

Provided by CITEC Confirm

LAND AND PROPERTY INFORMATION NEW SOUTH WALES - TITLE SEARCH

FOLIO: WAL5017

SEARCH DATE	TIME	EDITION NO	DATE
3/6/2016	10:59 AM	3	25/5/2016

WARNING NOTE: INFORMATION ON THIS REGISTER IS NOT GUARANTEED

TENURE TYPE: CONTINUING

HOLDER(S)

DUXTON WATER PTY LTD (TP AK395205)

ENCUMBRANCES (2 ENCUMBRANCES)

1 TERM TRANSFER: NIL
2 AK395206 MORTGAGE TO NATIONAL AUSTRALIA BANK LIMITED

NOTATIONS

UNREGISTERED DEALINGS: NIL

ACCESS LICENCE DETAILS

CATEGORY: SUPPLEMENTARY WATER

SHARE COMPONENT:
SHARE - 83 UNITS
WATER SOURCE - NEW SOUTH WALES MURRAY REGULATED RIVER WATER SOURCE
WATER SHARING PLAN - NEW SOUTH WALES MURRAY AND LOWER DARLING REGULATED RIVERS WATER SOURCES 2003

EXTRACTION COMPONENT:
TIMES/RATES/CIRCUMSTANCES - AT THOSE TIMES WHEN THE MINISTER ANNOUNCES THAT SUPPLEMENTARY WATER IS AVAILABLE, AT SUCH RATE AS THE MINISTER ANNOUNCES
EXTRACTION FROM - RIVER, LAKE OR SURFACE WATER RUNOFF
EXTRACTION ZONE - THAT PART OF THE WATER SOURCE DOWNSTREAM OF THE RIVER MURRAY AT PICNIC POINT

NOMINATED WORKS:
WORK APPROVAL NUMBER(S) - 60CA580973
INTERSTATE TAGGING ZONE - NIL

CONDITIONS

LICENCE CONDITIONS FORM A PART OF THIS LICENCE AND AFFECT THE SHARE

END OF PAGE 1 - CONTINUED OVER

Duxton HB PRINTED ON 3/6/2016

LAND AND PROPERTY INFORMATION NEW SOUTH WALES - TITLE SEARCH

FOLIO: WAL5017 PAGE 2

CONDITIONS (CONTINUED)

AND EXTRACTION COMPONENTS. CONDITION STATEMENTS ARE AVAILABLE FROM THE NSW OFFICE OF WATER (NOW).

NOTES

A WATER LICENCE INFORMATION SHEET IS AVAILABLE FROM THE NSW OFFICE OF WATER (NOW) AND SHOULD BE REFERRED TO IN INTERPRETING THIS LICENCE.
NOW WEBSITE WWW.WATER.NSW.GOV.AU, PHONE 1800 353 104, EMAIL INFORMATION@WATER.NSW.GOV.AU
NOW REFERENCE NUMBER: 60AL580971
PREVIOUS WATER ACT LICENCE NUMBER(S): 60SL049934.

*** END OF SEARCH ***

Provided by CITEC Confirm

LAND AND PROPERTY INFORMATION NEW SOUTH WALES - TITLE SEARCH

FOLIO: WAL5016

SEARCH DATE	TIME	EDITION NO	DATE
3/6/2016	10:59 AM	3	25/5/2016

WARNING NOTE: INFORMATION ON THIS REGISTER IS NOT GUARANTEED

TENURE TYPE: CONTINUING

HOLDER(S)

DUXTON WATER PTY LTD (TP AK395205)

ENCUMBRANCES (2 ENCUMBRANCES)

1 TERM TRANSFER: NIL
2 AK395206 MORTGAGE TO NATIONAL AUSTRALIA BANK LIMITED

NOTATIONS

UNREGISTERED DEALINGS: NIL

ACCESS LICENCE DETAILS

CATEGORY: REGULATED RIVER (GENERAL SECURITY)

SHARE COMPONENT:
SHARE - 210 UNITS
WATER SOURCE - NEW SOUTH WALES MURRAY REGULATED RIVER WATER SOURCE
WATER SHARING PLAN - NEW SOUTH WALES MURRAY AND LOWER DARLING REGULATED RIVERS WATER SOURCES 2003

EXTRACTION COMPONENT:
TIMES/RATES/CIRCUMSTANCES - SUBJECT TO THE CONDITIONS OF THE WATER ACCESS LICENCE
EXTRACTION FROM - RIVER, LAKE OR SURFACE WATER RUNOFF
EXTRACTION ZONE - THAT PART OF THE WATER SOURCE DOWNSTREAM OF THE RIVER MURRAY AT PICNIC POINT

NOMINATED WORKS:
WORK APPROVAL NUMBER(S) - 60CA580973
INTERSTATE TAGGING ZONE - NIL

CONDITIONS

LICENCE CONDITIONS FORM A PART OF THIS LICENCE AND AFFECT THE SHARE AND EXTRACTION COMPONENTS. CONDITION STATEMENTS ARE AVAILABLE FROM

END OF PAGE 1 - CONTINUED OVER

Duxton HB PRINTED ON 3/6/2016

LAND AND PROPERTY INFORMATION NEW SOUTH WALES - TITLE SEARCH

FOLIO: WAL5016 PAGE 2

CONDITIONS (CONTINUED)

THE NSW OFFICE OF WATER (NOW).

NOTES

A WATER LICENCE INFORMATION SHEET IS AVAILABLE FROM THE NSW OFFICE OF WATER (NOW) AND SHOULD BE REFERRED TO IN INTERPRETING THIS LICENCE.
NOW WEBSITE WWW.WATER.NSW.GOV.AU, PHONE 1800 353 104, EMAIL INFORMATION@WATER.NSW.GOV.AU
NOW REFERENCE NUMBER: 60AL580970
PREVIOUS WATER ACT LICENCE NUMBER(S): 60SL049934.

*** END OF SEARCH ***

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LAND AND PROPERTY INFORMATION NEW SOUTH WALES - TITLE SEARCH

FOLIO: WAL5015

SEARCH DATE	TIME	EDITION NO	DATE
3/6/2016	10:58 AM	3	25/5/2016

WARNING NOTE: INFORMATION ON THIS REGISTER IS NOT GUARANTEED

TENURE TYPE: CONTINUING

HOLDER(S)

DUXTON WATER PTY LTD (TP AK395205)

ENCUMBRANCES (2 ENCUMBRANCES)

1 TERM TRANSFER: NIL
2 AK395206 MORTGAGE TO NATIONAL AUSTRALIA BANK LIMITED

NOTATIONS

UNREGISTERED DEALINGS: NIL

ACCESS LICENCE DETAILS

CATEGORY: REGULATED RIVER (HIGH SECURITY)

SHARE COMPONENT:
SHARE - 340 UNITS
WATER SOURCE - NEW SOUTH WALES MURRAY REGULATED RIVER WATER SOURCE
WATER SHARING PLAN - NEW SOUTH WALES MURRAY AND LOWER DARLING REGULATED RIVERS WATER SOURCES 2003

EXTRACTION COMPONENT:
TIMES/RATES/CIRCUMSTANCES - SUBJECT TO THE CONDITIONS OF THE WATER ACCESS LICENCE
EXTRACTION FROM - RIVER, LAKE OR SURFACE WATER RUNOFF
EXTRACTION ZONE - THAT PART OF THE WATER SOURCE DOWNSTREAM OF THE RIVER MURRAY AT PICNIC POINT

NOMINATED WORKS:
WORK APPROVAL NUMBER(S) - 60CA580973
INTERSTATE TAGGING ZONE - NIL

CONDITIONS

LICENCE CONDITIONS FORM A PART OF THIS LICENCE AND AFFECT THE SHARE AND EXTRACTION COMPONENTS. CONDITION STATEMENTS ARE AVAILABLE FROM

END OF PAGE 1 - CONTINUED OVER

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LAND AND PROPERTY INFORMATION NEW SOUTH WALES - TITLE SEARCH

FOLIO: WAL5015 PAGE 2

CONDITIONS (CONTINUED)

THE NSW OFFICE OF WATER (NOW).

NOTES

A WATER LICENCE INFORMATION SHEET IS AVAILABLE FROM THE NSW OFFICE OF WATER (NOW) AND SHOULD BE REFERRED TO IN INTERPRETING THIS LICENCE.
NOW WEBSITE WWW.WATER.NSW.GOV.AU, PHONE 1800 353 104, EMAIL INFORMATION@WATER.NSW.GOV.AU
NOW REFERENCE NUMBER: 60AL580969
PREVIOUS WATER ACT LICENCE NUMBER(S): 60SL049934.

*** END OF SEARCH ***

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LAND AND PROPERTY INFORMATION NEW SOUTH WALES - TITLE SEARCH

FOLIO: WAL4949

SEARCH DATE	TIME	EDITION NO	DATE
3/6/2016	10:55 AM	3	25/5/2016

WARNING NOTE: INFORMATION ON THIS REGISTER IS NOT GUARANTEED

TENURE TYPE: CONTINUING

HOLDER(S)

DUXTON WATER PTY LTD (TP AK395204)

ENCUMBRANCES (2 ENCUMBRANCES)

1 TERM TRANSFER: NIL
2 AK395206 MORTGAGE TO NATIONAL AUSTRALIA BANK LIMITED

NOTATIONS

UNREGISTERED DEALINGS: NIL

ACCESS LICENCE DETAILS

CATEGORY: REGULATED RIVER (HIGH SECURITY)

SHARE COMPONENT:
SHARE - 176 UNITS
WATER SOURCE - NEW SOUTH WALES MURRAY REGULATED RIVER WATER SOURCE
WATER SHARING PLAN - NEW SOUTH WALES MURRAY AND LOWER DARLING REGULATED RIVERS WATER SOURCES 2003

EXTRACTION COMPONENT:
TIMES/RATES/CIRCUMSTANCES - SUBJECT TO THE CONDITIONS OF THE WATER ACCESS LICENCE
EXTRACTION FROM - RIVER, LAKE OR SURFACE WATER RUNOFF
EXTRACTION ZONE - THAT PART OF THE WATER SOURCE DOWNSTREAM OF THE RIVER MURRAY AT PICNIC POINT

NOMINATED WORKS:
WORK APPROVAL NUMBER(S) - 60CA580836
INTERSTATE TAGGING ZONE - NIL

CONDITIONS

LICENCE CONDITIONS FORM A PART OF THIS LICENCE AND AFFECT THE SHARE AND EXTRACTION COMPONENTS. CONDITION STATEMENTS ARE AVAILABLE FROM

END OF PAGE 1 - CONTINUED OVER

Duxton HB PRINTED ON 3/6/2016

LAND AND PROPERTY INFORMATION NEW SOUTH WALES - TITLE SEARCH

FOLIO: WAL4949 PAGE 2

CONDITIONS (CONTINUED)

THE NSW OFFICE OF WATER (NOW).

NOTES

A WATER LICENCE INFORMATION SHEET IS AVAILABLE FROM THE NSW OFFICE OF WATER (NOW) AND SHOULD BE REFERRED TO IN INTERPRETING THIS LICENCE.
NOW WEBSITE WWW.WATER.NSW.GOV.AU, PHONE 1800 353 104, EMAIL INFORMATION@WATER.NSW.GOV.AU
NOW REFERENCE NUMBER: 60AL580834
PREVIOUS WATER ACT LICENCE NUMBER(S): 60SL047243.

*** END OF SEARCH ***

C Water Rights Sales Agreement 2

Water Rights Sales Agreement

CowellClarke
Commercial Lawyers

Hathor Dairies Pty Ltd ACN 602 459 638 ("Seller")

and

Duxton Water Ltd ACN 611 976 517
("Buyer")

WATER RIGHTS SALE AGREEMENT

Cowell Clarke
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Adelaide, South Australia 5000
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F: +61 8 8228 1100
www.cowellclarke.com.au
Liability limited by a scheme approved under the Professional Standards Legislation

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CBRE

CowellClarke
Commercial Lawyers

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F: +61 8 8228 1100
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THIS AGREEMENT made day of 2016

BETWEEN **HATHOR DAIRIES PTY LTD** ACN 602 459 638 of c/- the Manager, Ace Farming Company Pty Ltd 1304 /109 Pitt Street Sydney NSW 2000 ("**Seller**")

AND **DUXTON WATER LTD** ACN 611 976 517 of c/- Tilbrook Rasheed of 13 Greenhill Road Wayville SA 5034 ("**Buyer**")

RECITALS

A. The Seller owns the Water Rights.

B. The Seller has agreed to sell to the Buyer and the Buyer has agreed to buy from the Seller the Water Rights on the terms of this Agreement.

IT IS AGREED as follows:

1. **Recitals**

The parties acknowledge the recitals are true and form part of this Agreement.

2. **Interpretation and definitions**

2.1 **Interpretation**

Unless qualified by or inconsistent with the context:

2.1.1 a reference to the singular includes the plural and vice versa;

2.1.2 headings are for convenience of reference and will not affect the interpretation of this Agreement;

2.1.3 references to any statutory enactment mean references to that enactment as amended, modified and re-enacted from time to time;

2.1.4 a reference to costs includes legal costs on a full indemnity basis;

2.1.5 a reference to a "person" includes a reference to an entity;

2.1.6 this Agreement binds the parties' respective heirs, successors, legal personal representatives, administrators and assigns;

2.1.7 the approval or consent of a party means that party's prior written approval or consent which is not to be unreasonably withheld or delayed;

2.1.8 a reference to a clause, Schedule or item is a reference to a clause or item of or schedule to this Agreement;

2.1.9 if the day on or by which a person must do something under this Agreement is not a Business Day, the person must do it on or by the next Business Day;

2.1.10 a reference to currency is a reference to Australian Dollars; and

2.1.11 wherever "include" or "for example" or any form of those words are used, they must be construed as if they were followed by "(without being limited to)".

2.2 **Definitions**

In this Agreement:

2.2.1 "**ASX**" means ASX Limited or the market it operates, as applicable;

2.2.2 "**Applicable Laws**" means:

2.2.2.1 in New South Wales, the *Water Management Act 2000* (NSW) and *Water Act 1912* (NSW) and any regulations under those acts;

2.2.2.2 in Victoria, the *Water Act 1989* and any regulations under that act;

2.2.2.3 the *Water Act 2007* (Cth) and any regulations under that act;

2.2.2.4 any other statute, rule, regulation, proclamation, ordinance, order or by-law applicable to the Water Rights; and

2.2.2.5 any water sharing rules, water sharing plans, water resource plans, or the like applicable to the Water Rights;

2.2.3 "**Approvals**" means any consent or approval of an Authority which may be required to Transfer the Water Rights including any:

2.2.3.1 Ministerial approval required under s.33X of the *Water Act 1989* (Vic); and

2.2.3.2 Ministerial approval required under s.71M, s.71P, s.71Q or such other relevant provision of the *Water Management Act 2000* (NSW);

2.2.4 "**Authority**" means any:

2.2.4.1 department or government in any jurisdiction, whether federal, state or local;

2.2.4.2 any local or private water corporation;

2.2.4.3 any other person, authority, instrumentality or body having jurisdiction, rights, powers, duties or responsibilities in relation to the Water Rights,

and "**Authorities**" has a corresponding meaning;

2.2.5 "**Business Day**" means a day that is not a Saturday, Sunday or public holiday in South Australia, New South Wales and Victoria (where applicable);

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2.2.6 "**Carryover Water**" means the volume of water under a Water Allocation that is not used within the Water Year and that carries over into the next Water Year;

2.2.7 "**CBRE**" means CBRE Valuations Pty Ltd ABN 15 008 912 641;

2.2.8 "**Consideration**" is the amount of money equal to the Water Rights Value;

2.2.9 "**Cut Off Date**" means 31 October 2016;

2.2.10 "**Encumbrance**" includes a Security Interest, charge, lien, mortgage, caveat, preferential right, trust arrangement, agreement or other arrangement given or created as security or creating rights in favour of another person to secure the performance of any obligations;

2.2.11 "**GST**" means goods and services tax payable under the GST Law and an expression used in this Agreement in relation to GST will have the meaning used in or attributed to that expression by the GST Law from time to time;

2.2.12 "**GST Law**" has the same meaning as the definition of "GST law" in *A New Tax System (Goods and Services Tax) Act 1999* (Cth);

2.2.13 "**Insolvency Event**" means any of the following:

2.2.13.1 the threatened or actual appointment of a voluntary administrator, liquidator, provisional liquidator, receiver, receiver and manager, controller, trustee in bankruptcy, administrator or other person of similar office, including any application to a court for such an appointment;

2.2.13.2 entry into or proposing an arrangement or compromise for the benefit of creditors;

2.2.13.3 the levy or enforcement of a writ of execution, order or judgment;

2.2.13.4 becoming unable to pay debts as and when they fall due for payment;

2.2.13.5 the taking of possession or control of any asset by a person under an Encumbrance; or

2.2.13.6 failing to satisfy or to apply to have set aside a statutory demand, a bankruptcy notice or other similar form of statutory notice within the time specified in the demand or notice;

2.2.14 "**Registrar**" means:

2.2.14.1 in New South Wales, the NSW Land and Property Information; and

2.2.14.2 in Victoria, the meaning provided in the *Water Act 1989*;

2.2.15 "**Regulations**" means:

2.2.15.1 where the Water Rights are water access licences, the water sharing plans applicable to those Water Rights; and

2.2.15.2 where the Water Rights are water shares, the Trading Rules for Declared Water Systems;

2.2.16 "**Security Interest**" has the same meaning as defined in the *Personal Property Securities Act 2009* (Cth);

2.2.17 "**Settlement**" means the settlement of the sale and purchase of the Water Rights as provided in clause 9;

2.2.18 "**Settlement Date**" means the earlier of:

2.2.18.1 two (2) Business Days after the conditions precedent in clause 4 have been satisfied; and

2.2.18.2 the Cut Off Date.

2.2.19 "**Supplementary Water**" means a volume of surplus water that is accessible upon announcement by an Authority on the terms of that announcement;

2.2.20 "**Term Transfer**" means the assignment, term transfer or limited term transfer of the Water Rights, or any other form of temporary transfer of the Water Rights and if such a temporary transfer is not possible, then the transfer of Water Allocation associated with the Water Rights being leased in accordance with the terms of the Water Supply Lease;

2.2.21 "**Trading Rules for Declared Water Systems**" means the trading rules for declared water systems prepared by the Victorian Department of Environment and Primary Industries;

2.2.22 "**Transfer**" means the transfer of Water Rights from the Seller to the Buyer;

2.2.23 "**Valuation Report**" means the report prepared for the Buyer by CBRE entitled "[insert]" dated [insert];

2.2.24 "**Water Allocation**" means the volume of water allocated by an Authority to each of the Water Rights in a Water Year and includes any Carryover Water and Supplementary Water;

2.2.25 "**Water Broker**" means Waterfind;

2.2.26 "**Water Registers**" means the relevant water registers in Victoria and New South Wales known as the:

2.2.26.1 Victorian Water Register; and

2.2.26.2 New South Wales Water Access Licence Register;

2.2.27 "**Water Rights**" means the water access licences, water shares and other water rights and interests set out in Schedule 1 and includes any current Water Allocation and any additional or new Water Allocation transferred pursuant to clause 12;

2.2.28 "**Water Rights Approval Forms**" means any forms, documents and supporting information required to be submitted to an Authority to enable the Approvals to be obtained;

2.2.29 "**Water Rights Registration Forms**" means any forms, documents and supporting information (including documentation evidencing the Approvals and any duplicate WAL certificates) submitted to a Registrar in order to register the Transfer of the Water Rights on the Water Registers;

2.2.30 "**Water Rights Value**" means the market value of the Water Rights as set out in the Valuation Report or any updated or subsequent report prepared by CBRE at the request of the Buyer in respect of the Water Rights;

2.2.31 "**Water Supply Lease**" means a lease entered into by the Buyer and the Seller under which the Buyer will lease back those Water Rights described in Schedule 1 as WEE006027 and WEE001374 to the Seller by way of Term Transfer, which lease will be in the same form as the lease included in Schedule 2 to this Agreement or on such terms otherwise acceptable to the Buyer; and

2.2.32 "**Water Year**" means any period of one year ending on 30 June.

3. Sale of Water Rights

Subject to the provisions of this Agreement, the Seller agrees to Transfer its rights, title and interest in the Water Rights to the Buyer free of all Encumbrances at Settlement, and the Buyer agrees to pay the Consideration to the Seller.

4. Conditions Precedent

4.1 Settlement is conditional upon:

4.1.1 the Seller preparing and lodging the Water Rights Approval Forms with the Authorities and obtaining all Approvals required for the Transfer of the Water Rights to the Buyer on an unconditional basis or on conditions acceptable to the Buyer, or in the event that no Approvals are required for one or more of the Water Rights, providing written confirmation to the Buyer to this effect;

4.1.2 the Buyer being admitted to the official list of the ASX and satisfying all conditions imposed by ASX for quotation; and

4.1.3 both of the Seller and the Buyer being satisfied (acting reasonably) that there have been no material adverse amendments to the Regulations in the period between execution of this Agreement and Settlement.

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4.2 Clause 4.1.1 and 4.1.2 have been included for the benefit of the Buyer and may only be waived by the Buyer.

4.3 Clause 4.1.3 has been included for the benefit of both parties and may only be waived by both parties in writing to each other.

4.4 The parties must use best endeavours to fulfil the conditions precedent provided that:

4.4.1 if at any time the party which has the benefit of a condition precedent becomes aware of a fact or circumstance that will prevent or is reasonably likely to prevent that condition precedent being satisfied, it shall immediately inform the other party and the benefiting party may terminate the Agreement by written notice to the other party;

4.4.2 a party is not required to waive any conditions precedent under this clause 4.

4.5 In complying with clauses 4.1.1 and 4.4, the Seller shall use its best endeavours to obtain all of the Approvals as soon as practicable after execution of this Agreement and will notify the Buyer promptly on obtaining each of the Approvals. If, however, the Approvals are obtained more than two (2) months prior to the anticipated Settlement Date and completion of Settlement under clause 10.3 and, as a result, pursuant to the Applicable Laws the Approvals are taken to have lapsed, the Seller is not considered to have satisfied clause 4.1.1 and, subject to clause 4.4, is required to use best endeavours to obtain any new Approvals. It is acknowledged by the parties that the term "best endeavours" shall not imply upon a party an obligation to incur undue expenditure or to pursue litigation to secure the performance of that obligation.

4.6 The Buyer shall do all things reasonably required of it by the Seller, the Water Broker and any Authority, including to execute the Water Rights Approval Forms or provide all necessary information, to assist the Seller in complying with its obligations under clause 4.1.1.

4.7 If the conditions precedent are not fulfilled or waived by the benefiting party as set out in this clause 4 on or before the Cut Off Date, then either party may end the Agreement by written notice to the other party.

4.8 If a party ends the Agreement in accordance with clauses 4.4.1 or 4.7, each party is released from its obligations and liabilities under or in connection with this Agreement, except in respect of clauses 15.2, 17, 19, 22, 25, 27 and 28.

5. Between execution and Settlement

5.1 From the execution of this Agreement until Settlement or termination of this Agreement, the Seller must:

5.1.1 comply with all Applicable Laws, any conditions attaching to the Water Rights and any reasonable requirements of any Authority relating to the Water Rights;

5.1.2 comply with its obligations under this Agreement;

5.1.3 keep and maintain up to date records of the Water Rights and grant the Buyer written authority to inspect any records of any Authority in relation to the Water Rights;

5.1.4 promptly give the Buyer any information reasonably requested relating to the Water Rights;

5.1.5 promptly notify the Buyer upon becoming aware of any fact or circumstance which might reasonably be expected to materially adversely affect the Seller's ability to Transfer the Water Rights to the Buyer in accordance with clause 3; and

5.1.6 promptly forward to the Buyer copies of any notices, orders, accounts or requirements of any Authority in relation to or affecting the Water Rights;

5.2 From the execution of this Agreement until Settlement or termination of this Agreement, the Seller must not:

5.2.1 contract or otherwise agree to transfer the Water Rights to another person or permit any Encumbrances to be noted against the Water Rights without the prior written consent of the Buyer (other than an Encumbrance contemplated by clause 5.2.4);

5.2.2 take any action, or fail to take any action, that could prevent the Transfer of the Water Rights in accordance with this Agreement;

5.2.3 do anything that will materially adversely affect the Water Rights or the Seller's ability to Transfer the Water Rights to the Buyer; and

5.2.4 oppose or take any unreasonable steps to prevent the registration or notation of any Encumbrance against the Water Rights in favour of the Buyer protecting the Buyer's interest in the Water Rights under this Agreement.

5.3 From the execution of this Agreement until Settlement or termination of this Agreement, the Buyer must:

5.3.1 comply with its obligations under this Agreement;

5.3.2 promptly give the Seller any information reasonably requested relating to the progress of the Buyer in achieving the condition precedent at clause 4.1.2; and

5.3.3 promptly notify the Buyer upon becoming aware of any fact or circumstance which might reasonably be expected to materially adversely affect the Buyer's ability to take Transfer of the Water Rights to the Buyer.

5.4 A party must immediately notify the other party in writing of any non-compliance with this clause 5.

6. Outgoings, fees and charges

6.1 The Seller must pay all:

6.1.1 outgoings in relation to the Water Rights for the period up to and including the Settlement Date, including all fees and charges in relation to the delivery and usage of water; and

6.1.2 fees associated with discharging any Encumbrances over the Water Rights prior to Settlement.

6.2 The Buyer must pay all:

6.2.1 outgoings in relation to the Water Rights for the period on and from Settlement;

6.2.2 fees associated with lodging the Water Rights Approval Forms or otherwise incurred in obtaining the Approvals;

6.2.3 fees associated with lodging the Water Rights Registration Forms or otherwise incurred registering the Transfers on the Water Registers; and

6.2.4 any other fees otherwise required to effect the Transfer of the Water Rights.

6.3 If a party must under the Applicable Laws pay for an outgoing or fee which the other party is responsible under this clause 6, that party must pay the amount and the other party shall reimburse that party within 14 Business Days of written request (which request must include evidence confirming payment by the first party).

7. Water Rights Value

The parties acknowledge and agree that the Water Rights Value is the Consideration payable by the Buyer for the Water Rights and will be the consideration for the purposes of the settlement adjustment sheet referred to in clause 8 and completion of the Water Rights Approval Forms and the Water Rights Registration Forms.

8. Adjustment

Before Settlement, the Buyer must deliver a settlement adjustment sheet to the Seller which has been prepared consistent with clauses 6 and 7 of this Agreement.

9. Settlement

Settlement takes place at 5pm AEST on the Settlement Date at the offices of the Buyer in South Australia or as the parties may otherwise agree.

10. Settlement procedure

10.1 At Settlement the Seller must deliver to the Buyer, in registrable form (where applicable):

10.1.1 originals of all Approvals obtained from the Authorities approving the Transfer of the Water Rights to the Buyer;

10.1.2 copies of any records relating to the Water Rights as reasonably required by the Buyer;

10.1.3 all original completed and duly executed Water Rights Registration Forms capable (upon payment of the relevant fees) of registration with the Registrars to enable registration of the Water Rights on the Water Registers without further amendment or supplementation;

10.1.4 discharges of any and all Encumbrances over the Water Rights; and

10.1.5 duly executed originals of the Water Supply Lease.

10.2 At Settlement, the Buyer must

pay the Consideration and any amount payable by the Buyer to the Seller pursuant to clause 6.3 or by way of adjustment to outgoings set out in the settlement adjustment sheet referred to in clause 7 in cash and by such payment method agreed by the parties.

10.3 For the avoidance of doubt, the Buyer will attend to or procure the registration of the Water Rights Registration Forms with the relevant Water Registers as soon as possible after Settlement and will provide to the Seller written confirmation of registration as soon as practicable after registration has been effected by the Registrar.

11. Title, possession and risk

11.1 To the extent permitted by all Applicable Laws, title in the Water Rights passes from the Seller to the Buyer at Settlement.

11.2 Risk in the Water Rights passes from the Seller to the Buyer at Settlement.

12. Transfer of Water Allocation

12.1 The Buyer acknowledges and agrees that between execution of this Agreement and Settlement the Seller is entitled to use any Water Allocation associated with the Water Rights providing that in doing so the Seller complies with any conditions attaching to the Water Rights, any Applicable Laws and the reasonable requirements of any Authority.

12.2 If after Settlement, but prior to registration of the Water Rights Registration Forms on the Water Registers, an Authority allocates or determines an additional Water Allocation in relation to the Water Rights for the current Water Year, or allocates or determines a new Water Allocation in respect of a new Water Year, the Seller must as soon as practicable transfer that Water Allocation to the Buyer at no charge (other than any fees payable in respect of an application to transfer the Water Allocation, which fees shall be borne by the Buyer).

13. Warranties

13.1 Each of the Seller and the Buyer represents and warrants that:

13.1.1 it is a corporation validly existing under the laws of the state in which it was incorporated;

13.1.2 it has not committed or become the subject of an Insolvency Event; and

13.1.3 this Agreement is a valid and binding obligation enforceable against it in accordance with its terms.

13.2 As at the date of this Agreement, the Seller warrants that:

13.2.1 the Seller is the sole owner of the Water Rights;

13.2.2 the Seller has good and marketable title to the Water Rights;

13.2.3 the Seller is not entering into this Agreement as trustee of any trust;

13.2.4 the Seller has full right and power to enter into this Agreement, to Transfer the Water Rights to the Buyer and to carry out the transactions contemplated by this Agreement;

13.2.5 the Seller has not entered into any other contract or commitment to dispose, Transfer or otherwise deal with the Water Rights;

13.2.6 at the completion of Settlement, the Water Rights will not be subject to any Encumbrance;

13.2.7 the Seller is not aware of any fact or circumstance which might reasonably be expected to materially adversely affect the Water Rights or the Seller's ability to Transfer the Water Rights to the Buyer;

13.2.8 the Seller is not aware of any current or threatened claims, proceedings, orders or notices affecting the Water Rights;

13.2.9 the Seller, so far as it is aware after having made all due and reasonable enquiries, has complied with all requirements of any Authority in relation to the Water Rights;

13.2.10 the Seller, so far as it is aware after having made all due and reasonable enquiries, has complied with all Applicable Laws; and

13.2.11 so far as it is aware after having made all due and reasonable enquiries, this Agreement and each transaction contemplated by it does not contravene or breach the Applicable Laws, any conditions of the Water Rights or the requirements of any Authority.

13.3 At Settlement, the Seller is deemed to repeat each warranty by the Seller and the Buyer is deemed to have accepted each warranty by the Seller.

13.4 A warranty in this document does not merge on Settlement but continues to operate thereafter.

14. Limitation of liability

14.1 Notwithstanding any other provision in this Agreement and to the extent permitted by law, the aggregate liability of the Seller in respect of all breaches of a Warranty or any other claims under this Agreement will not exceed the Consideration.

14.2 Notwithstanding any other provision in this Agreement and to the extent permitted by law, neither party will be liable to the other under or in

connection with this Agreement for any loss of profit, loss of business or contract opportunity and loss of income or any indirect, consequential or special losses howsoever arising.

15. **Termination**

15.1 **Prior to Settlement**

15.1.1 The Buyer may terminate this Agreement at any time before Settlement by notice in writing to the Seller if:

15.1.1.1 the Seller commits or becomes the subject of an Insolvency Event;

15.1.1.2 the Seller commits a material breach of this Agreement (including a material breach of warranty), other than solely due to the default of the Buyer, which is not capable of remedy;

15.1.1.3 in accordance with clauses 4.4.1 or 4.7; or

15.1.1.4 the Seller commits a material breach of this Agreement (including a material breach of warranty), other than solely due to the default of the Buyer, which is capable of remedy and is not remedied within 14 Business Days after notice requiring it to be remedied is given to the Sellers.

15.1.2 The Seller may terminate this Agreement at any time before Settlement by notice in writing to the Buyer if:

15.1.2.1 the Buyer commits or becomes the subject of an Insolvency Event;

15.1.2.2 the Buyer commits a material breach of this Agreement (including a material breach of warranty), other than solely due to the default of the Seller, which is not capable of remedy;

15.1.2.3 in accordance with clauses 4.4.1 or 4.7; or

15.1.2.4 the Buyer commits a material breach of this Agreement (including a material breach of warranty), other than solely due to the default of the Seller, which is capable of remedy and is not remedied within 14 Business Days after notice requiring it to be remedied is given to the Buyer.

15.2 **Accrued Rights**

Termination of this Agreement at any time will otherwise not affect any rights or remedies which have arisen on or before termination.

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16. **GST**

16.1 The parties acknowledge and agree that the supply made pursuant to this Agreement:

16.1.1 is a supply of water that is GST-free in accordance with GSTR 2000/25

16.1.2 any amount payable under this Agreement in respect of the taxable supply ("**Payment**") is exclusive of GST; and

16.1.3 if a supply under this Agreement is, in fact, not GST-free the Seller may, in addition to the Payment but subject to the Seller providing to the Buyer a tax invoice, recover from the Buyer (and the Buyer must pay or reimburse the Seller) an additional amount on account of GST, such additional amount to be calculated in accordance with the GST Law and to be paid by the Buyer at or before Settlement or at any time thereafter nominated by the Seller (the Seller having given to the Buyer a tax invoice not less than seven (7) days before Settlement or the nominated date for payment).

16.2 This clause shall survive Settlement and any termination of this Agreement by any party to this Agreement.

17. **Confidentiality and Announcement**

Each party must treat the existence and terms of this Agreement as confidential and no announcement or communication relating to the negotiations of the parties or to the existence, subject matter or terms of this Agreement may be made or authorised by a party unless:

17.1 the other party has first given their written approval;

17.2 the disclosure is to the party's employees, consultants, professional advisers, bankers, financial advisers or financiers or to a person whose consent is required under this Agreement or for a transaction contemplated by it and those persons undertake to keep confidential any information so disclosed; or

17.3 the disclosure is:

17.3.1 made to the extent reasonably needed to comply with any Applicable Laws or requirement of any court, Government agency, Authority or regulatory body;

17.3.2 the disclosing party promptly gives notice of its intended disclosure to, and consults with, the other party to the extent practicable; and

17.3.3 the disclosing party uses its reasonable endeavours consistent with its obligations to minimise any such disclosure and to ensure that any confidential information so disclosed will be treated confidentially.

18. **Authority to complete**

The Buyer and the Seller each authorises the Water Broker on their behalf to alter the Water Rights Approval Forms and the Water Rights Registration Forms by

inserting such details as are omitted and to rectify any errors in relation to those forms as may be necessary to give effect to this Agreement.

19. **Governing law**

This Agreement is governed by the laws applicable to the location of the Water Rights. Each party irrevocably and unconditionally submits to the exclusive jurisdiction of the courts of that state and the courts of appeal from them in respect of all matters arising under or relating to this Agreement.

20. **Non-merger**

The terms of this Agreement will not merge upon Settlement but will continue in full force.

21. **Further assurances**

The parties will promptly do everything necessary or desirable even if not expressly stated in this Agreement, to ensure that the terms of this Agreement are fully carried into effect.

22. **Entire agreement**

This Agreement contains the entire agreement between the parties in respect of the subject matter of this Agreement.

23. **Amendments**

Any amendment to a term of this Agreement must be made in writing executed by the parties or duly authorised officers on behalf of the parties.

24. **Severability**

Every provision of this Agreement will be deemed severable as far as possible from the other provisions of this Agreement. If any provision is found to be void, illegal or unenforceable for any reason, it will be deemed to be severed and omitted from this Agreement. This Agreement with the offending provision severed and omitted and with any consequential amendment if necessary, will otherwise remain in full force.

25. **Notices**

Any notice to be given by a party must be signed by the party giving the notice or by one of its officers or its duly authorised lawyer or agent and must be hand delivered or sent by prepaid post or sent by facsimile or electronic mail to the recipient parties at the address, facsimile number or electronic mail address (as the case may be) as set out in this Agreement (or any other address, facsimile number or electronic mail address that a party may notify to the others) and will be deemed sufficiently given:

25.1 in the case of hand delivery, on the date of delivery;

25.2 in the case of prepaid post, four (4) Business Days after being sent by prepaid post;

25.3 in the case of facsimile, on receipt by the sender of a successful transmission answerback; or

25.4 in the case of electronic mail, on the day of transmission provided that the sender can give evidence of transmission and the intended recipient does not give evidence of non-receipt.

26. **Assignment**

This Agreement is personal to the parties and no party will assign its rights or obligations under this Agreement wholly or in part without the other parties' consent.

27. **Counterparts and effectiveness**

27.1 This Agreement may be executed in any number of counterparts and all counterparts taken together will constitute one and the same instrument. Satisfactory evidence of execution of this Agreement will include evidence of execution sent by facsimile or electronic transmission by the relevant party and in such case, the executing party undertakes to produce the original as soon as reasonably practicable thereafter.

27.2 This Agreement will only come into effect and be binding on the parties when it is duly executed by all parties.

28. **Costs**

28.1 Each party pays its own costs in relation to the preparation, negotiation and execution of this Agreement.

28.2 If stamp duty is payable on the Transfer of the Water Rights, the Buyer will duly attend to stamping of and will pay any stamp duty assessable to this Agreement, the Water Rights Approval Forms or the Water Rights Registration Forms.

28.3 A party that breaches this Agreement will pay all costs incurred by the other party in consequence of that breach but without limit to any other rights or remedies which the party not in breach may have as a result of that breach.

EXECUTED as an Agreement.

EXECUTED by **HATHOR DAIRIES PTY LTD** ACN 602 459 638 in accordance with Section 127(1) of the *Corporations Act 2001* (Cth):)

.....	.....
*Director/*Sole Director and Sole Secretary	*Director/*Secretary
.....	.....
Print Full Name	Print Full Name

(*please delete the inapplicable title)
(Note: please affix common seal if required by the Company's Constitution)

EXECUTED by **DUXTON WATER LTD** ACN 611 976 517 in accordance with)

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Section 127(1) of the *Corporations Act 2001* (Cth):)
)

.....	.....
*Director/*Sole Director and Sole Secretary	*Director/*Secretary
.....	.....
Print Full Name	Print Full Name

(*please delete the inapplicable title)
(Note: please affix common seal if required by the Company's Constitution)

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SCHEDULE 1 – WATER RIGHTS

Description of Water Right	Category of Water Right	Volume (ML/Unit)
Zone 6 – Victorian Murray - Dartmouth to Barmah		
WEE006027	High Security	103.0 ML
WEE001374	High Security	501.9 ML
Total for Zone 6		**604.9 ML**
Zone 10 - New South Wales Murray u/s Barmah Choke		
WAL4529 (606.0 units)	General Security	**306.0 units**
WAL37452 (586.0 units)	General Security	**586.0 units**
Total for Zone 10		**892 units**
Total for all zones		**1,496.9**

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Water Lease

SCHEDULE 2 – Water Supply Lease

TALBOTSAYER

Water Lease

Date

Parties

Name	Duxton Water
ACN	611 976 517
Short form name	Lessor
Notice details	c/o Max Toovey, 7 Pomona Road, Stirling SA, 5152
Notice email	Max.toovey@duxtonam.com
Name	Hathor Dairies
ACN	602 459 638
Short form name	Lessee
Notice details	c/o the Manager, Ace Farming Company Pty Ltd 1304 / 109 Pitt Street Sydney 2000 NSW
Notice email	Jeremy@aceoz.com.au

Reference Schedule

1.	Commencement Date		On Settlement of sale agreement entered into between the parties in July 2016 for the sale of the Water Entitlements (as that term is defined in the sale agreement)
2.	Expiry Date		30 June 2023
3.	Rent		$92,171.64 per annum
4.	Payment Period		Quarterly
5.	Bank Guarantee		Nil
6.	Water Entitlements		

Identifier	Area	Volume (ML)	Priority	Authority
WEE001374	Zone 6	501.90	High Reliability	GMW
WEE006027	Zone 6	103	High Reliability	GMW

7.	Option	Term	3 option terms of 3 years each
		Percentage	5.75% of Current Market Value
8.	Territory		New South Wales and Victoria

14145809 Water lease Page 1

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TALBOTSAYER

Agreed terms

1. Grant of Lease

The Lessor grants to the Lessee the rights set out in this Lease for the Term. The Lessee acknowledges that:

(a) this Lease grants to the Lessee exclusive use and benefit of the Water Entitlements during the Term; and

(b) at the End of the Term, the Lessee will have no rights or claims concerning this Lease or the Water Entitlements save for any rights, remedies, obligations or liabilities of the parties that have accrued up to the date of termination, including the right to claim damages in respect of any breach of the agreement which existed at or before the date of termination.

2. Term and Commencement

(a) The Term commences on the Commencement Date and expires on the Expiry Date subject to the provisions of this Lease.

(b) The Expiry Date is the date stated in Item 2 of the Reference Schedule, unless varied by clause 13.

3. Rent

3.1 Rent

(a) The Rent is specified in Item 3 of the Reference Schedule.

(b) The Rent for each Water Year will be apportioned equally between each Payment Period which forms part of that Water Year.

(c) If necessary, the Rent for the first and last Payment Periods will be apportioned on a daily basis.

(d) The Lessee must pay the portion of the Rent attributable to each Payment Period to the Lessor by the last Business Day before the first day of each Payment Period.

(e) If the Lessee does not make a payment on time, then it must pay to the Lessor, on demand, interest on the unpaid Rent calculated on daily balances at the Default Interest Rate.

3.2 Payment of Rent is an unconditional obligation

Subject to clause 6.2(b), the Lessee must pay the Rent in accordance with the Lease, whether or not:

(a) the Lessee actually takes or uses or has access to any water available under the Water Entitlements or Water Allocations; or

(b) there is any volume of water available under the Water Entitlements or the Water Allocations in any given Water Year or Payment Period.

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3.3 Costs and Outgoings

The Lessor and Lessee shall each pay their own costs relating to this Lease. However, the Lessee shall, except to the extent caused by the negligence, breach of this Lease or breach of law by the Lessor or the Lessor's employees and agents, pay to the Lessor on demand:

(a) all costs or fees associated with the registration or revocation of any Term Transfers of the Water Entitlements, or the assignment or transfer of any Water Allocations, which are required or authorised by this Lease;

(b) all Outgoings which the Lessor is liable to pay, and in the last year of the Term, the Lessor's reasonable estimate of any Outgoings which will be payable up to the end of the Term;

(c) all duty on or arising from this Lease or any transaction required under this Lease (including penalties and fines, other than penalties and fines due to the default of the Lessor); and

(d) all the Lessor's legal costs, reasonable administration costs and other costs (on a full indemnity basis) to the extent arising due to:

(i) the default by the Lessee in observing or performing any obligations contained or implied in this Lease;

(ii) any application for consent required under this Lease (whether or not the consent is given) which the Lessee requests;

(iii) any proposed assignment of, or other dealing with this Lease by the Lessee (whether or not the assignment or other dealing occurs); and

(iv) any surrender or termination of this Lease prior to the Expiry Date.

3.4 No set-off

The Lessee shall not set-off or reduce payment of the Rent or other payments owing under this Lease.

4. Benefit of Water Entitlements

4.1 Term Transfer

Where the Water Entitlements and Water Regulations permit a Term Transfer of the Water Entitlements, for each Water Year of the Term:

(a) once the Lessee has paid the Rent for the first Payment Period of the Water Year, the Lessor must promptly complete, execute and lodge all necessary forms in advance of the commencement of that Water Year to facilitate the Term Transfer of the Water Entitlements for that Water Year. The Lessee will provide all reasonable assistance to enable the Lessor to comply with its obligations; and

(b) if any Term Transfer under clause 4.1(a) did not come into effect until after the commencement of that Water Year, the parties must use all reasonable endeavours to promptly complete, execute and lodge all necessary forms to transfer any Water Allocations which were issued to the Lessor's account for that Water Year to the Lessee's account.

4.2 Where Term Transfer not possible

Where the nature of the Water Entitlements or Water Regulations is such that a Term Transfer of the Water Entitlements is not possible, then subject to the Lessee not being in breach of any of its obligations under this Lease, the Lessor will attend to or procure the registration of all necessary forms to assign or otherwise transfer any Water Allocations to the Lessee promptly after they are declared and will provide to the Lessee written confirmation of registration as soon as practicable after registration has been effected by the Registrar. The Lessee will provide all reasonable assistance to enable the Lessor to complete, execute and lodge all necessary forms to assign or otherwise transfer any Water Allocations to the Lessee promptly after they are declared.

5. Bank guarantee – Not applicable

6. Use of Water

6.1 Statutory Framework for Lease

The Lessor and the Lessee acknowledge that the performance of this Lease and the rights and obligations under this Lease are governed by, and subject to, the following:

(a) the Water Regulations; and

(b) the conditions on the Water Entitlements.

6.2 Warranty by Lessor

(a) Subject to clause 6.2(b), the Lessee acknowledges and agrees with the Lessor that (otherwise than as is expressly contained in this Lease) no promise, representation, warranty or undertaking has been given by or on behalf of the Lessor:

(i) that the volume of the Water Entitlements (or any part of it) will be declared or available to the Lessee;

(ii) about the quality of water or management of water within the Regulated Area;

(iii) about the manner of storage or release of water in the Regulated Area; or

(iv) that water within the Regulated Area or available under the Water Entitlements is potable or suitable for any purpose (whether or not it is a purpose to which Lessor knows the Lessee may put the water).

(b) The Lessor warrants to the Lessee that the Lessor has full right and power to enter into this Lease and to grant the rights to exclusive use and benefit of the Water Entitlements during the Term to the Lessee.

6.3 Compliance with Laws and requirements

The Lessee must:

(a) comply with and observe at the Lessee's cost all Laws and requirements of Authorities relating to or affecting the Water Entitlements or Water Allocations, including the Water Regulations, whether or not those Laws or requirements are addressed to or required to be complied with by either or both of Lessor and the Lessee or by any other person;

(b) immediately provide a complete copy to the Lessor of any requirements of Authorities notified to or served on the Lessee concerning the Water Entitlements;

(c) obtain, maintain, comply with and observe at the Lessee's cost all consents, licences or approvals from all Authorities which may from time to time be necessary or appropriate for the Lessee's business and/or the Lessee's use of water under the Water Allocations; and

(d) not, by any act or omission, cause or permit any event or circumstance to occur which will or could lead to the forfeiture of or any change to the Water Entitlements which would adversely affect the Lessor.

6.4 Lessor's rights if Lessee fails to comply

The Lessor may (without prejudice to any of the Lessor's other rights for non-compliance) elect, at the Lessee's cost, to comply either wholly or partly with any Laws or requirements which the Lessee is required to comply with and observe under this Lease, including where the Lessee fails to comply within the appropriate time with any of the Lessee's obligations.

7. Assignment or dealings

7.1 No disposal of Lessee's interest

(a) The Lessee shall not (and shall not commence or attempt to) assign, grant any rights over or otherwise transfer, dispose of or deal with this Lease, the Water Entitlements or any part of them, unless the Lessee has obtained the Lessor's prior written consent, which consent shall not be unreasonably withheld.

(b) For the avoidance of doubt, nothing in this Lease shall limit the Lessee's ability to assign, grant any rights over or otherwise transfer, dispose of or deal with any Water Allocations which have been transferred to the Lessee's account.

7.2 Mortgaging Lessee's interest in Water Entitlements

The Lessee shall not mortgage, charge or otherwise encumber this Lease or the Lessee's interest in this Lease or the Water Entitlements without first obtaining the written consent of the Lessor, which consent shall not be unreasonably withheld where the credit provider enters into an agreement with the Lessor upon terms and conditions reasonably satisfactory to the Lessor.

7.3 Caveat

The Lessee will not lodge, and will not allow the lodgement of, any caveat over or in respect of the Water Entitlements.

7.4 Assignment by the Lessor

The Lessor may assign its rights and obligations under this Lease to any person upon giving written notice to the Lessee.

8. Exclusion of Lessor's Liability

8.1 Risk and Release of Lessee

The Lessee acknowledges and agrees that this Lease relates to the Water Entitlements and therefore:

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(a) the rights of the Lessee to take water under the Water Entitlements is subject to the Water Regulations, the terms and conditions of which may change from time to time;

(b) during the Term, the Water Entitlements shall be at the sole risk of the Lessee and the Lessee bears the risks of changes to the Water Regulations or the conditions applying to the Water Entitlements; and

(c) the Lessee, to the full extent permitted by law but except to the extent caused by the negligence, breach of this Lease or breach of law by the Lessor or the Lessor's employees and agents, releases the Lessor and its agents, employees, managers and contractors from and they will not be liable for any Claim that the Lessee or any person in any way involved in taking or using water available under this Lease or any person claiming by, through or under the Lessee may incur or make or any which arises from:

(i) the availability or non availability of any water to be taken under the Water Entitlements or Water Allocations for any reason;

(ii) any inability on the part of the Lessee to exercise any rights to take water available under the Water Entitlements or Water Entitlements;

(iii) any changes to the Water Regulations or the conditions applying to the Water Entitlements;

(iv) any change in Law; and

(v) any matter for which the Lessor makes no promise or representation or gives no warranty or undertaking under this Lease or for which the Lessee has disclaimed the benefits of any promise, representation, warranty or undertaking by the Lessor.

8.2 Indemnity

(a) Subject to clause 8.2(b)(ii), the Lessee indemnifies and shall keep indemnified the Lessor against all liability, loss, costs and expenses to the extent directly caused or contributed to by the negligence or default of the Lessee or the Lessee's employees and agents involved in the taking or use of any water under the Water Entitlements or any other person claiming through or under the Lessee, except to the extent caused or contributed to by the negligence, breach of this Lease or breach of law by the Lessor or the Lessor's employees and agents.

(b) Notwithstanding any other provision in this Lease and to the maximum extent permitted by law:

(i) the aggregate liability of the Lessee in respect of all Claims will not exceed the aggregate of:

(A) the Current Market Value of the Water Entitlements (disregarding any cancellation, variation or diminution of the Water Entitlements as a result of any breach by the Lessee of this Lease or the Law) as at the date of the most recent Claim; and

(B) all unpaid Rent and Outgoings, plus the equivalent amount of Rent and Outgoings payable for the remainder of the unexpired portion of the Term as at the date of the most recent Claim; and

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(ii) other than under clause 9.3, neither party will be liable to the other under or in connection with this Lease for any loss of profit, loss of business or contract opportunity, indirect loss of income or any indirect, or special losses howsoever arising.

9. Default and termination

9.1 Events of Default

An event of default shall have occurred (**Event of Default**) where:

(a) any Rent, interest or any other amount or any part of it payable by the Lessee under this Lease remains unpaid for a period exceeding 14 days and, upon written notice by the Lessor to the Lessee of such overdue Rent, the sum remains unpaid for a further period of 7 days;

(b) contrary to the provisions of this Lease:

(i) the Lessee assigns, charges, grants any right over or otherwise disposes or deals with this Lease or the Water Entitlements or any part of them; or

(c) a party becomes affected by an Insolvency Event;

(d) a party breaches a provision of this Lease and has not remedied that breach within 14 days of service of notice of the breach from the non-defaulting party.

9.2 Termination of Lease

If an Event of Default by the Lessee has occurred, the Lessor may, without prejudice to any other Claim which the Lessor has or may have or could otherwise have against the Lessee, any guarantor or any other person for that Event of Default, at any subsequent time do any one or more of the following:

(a) terminate this Lease, revoke any Term Transfer and take and deal with the Water Entitlements; or

(b) recover from the Lessee any loss suffered by the Lessor as a result of the Lessee's default.

9.3 Damages for breach of essential conditions

(a) The parties agree that if any of the events referred to in clauses 9.1(a), 9.1(b), or 9.1(c) occur there shall have been a breach of a fundamental and essential condition in this Lease, amounting to a repudiation of this Lease by the defaulting party.

(b) In addition to the rights of action and remedies of the non-defaulting party referred to in this clause or otherwise, where:

(i) the Lessor has determined this Lease upon a breach by the Lessee of a fundamental and essential condition in this Lease having occurred, the Lessee shall pay to the Lessor the difference between all Rent and other money payable by the Lessee for the balance of the Term had it not been determined and the amount (if any) which the Lessor does receive or reasonably anticipates (at the time when the Lessor makes a claim for damages under this sub clause or, if litigation proceeds to judgment in favour of the Lessor, at the time of the judgment) that it will receive

during the period of the balance of the Term from other lessees of the Water Entitlements;

(ii) the Lessee has determined this Lease upon a breach by the Lessor of a fundamental and essential condition in this Lease having occurred, the Lessor shall pay to the Lessee the difference between all Rent and other money payable by the Lessee for the balance of the Term had it not been determined and the amount (if any) which the Lessee has to pay or reasonably anticipates (at the time when the Lessee makes a claim for damages under this sub clause or, if litigation proceeds to judgment in favour of the Lessee, at the time of the judgment) that it would need to pay during the period of the balance of the Term had it not been determined to obtain the exclusive use and benefit of water entitlements that were equivalent to the Water Entitlements from other lessors.

9.4 Lessor may rectify

The Lessor may, but shall not be obliged to, remedy at any time without notice any default by the Lessee under this Lease, and all reasonable costs incurred by the Lessor (including, without limitation, legal costs) in remedying a default shall constitute a liquidated debt owed by the Lessee to the Lessor and shall be paid by the Lessee to the Lessor on demand.

9.5 Benefit of Lessee's obligations

If any person other than the Lessor becomes entitled to receive the Rent either by operation of law or otherwise:

(a) that person shall have the benefit of all obligations on the part of the Lessee under this Lease; and

(b) the Lessee at the cost of the Lessor shall enter into any document with that other person in this regard which the Lessor may reasonably require.

10. Carryover and residual water

10.1 Carryover water

(a) Where any of the Water Allocations are entitled to be carried over to the next Water Year, the Lessee must not relinquish any of those Water Allocations unless it has first given written notice to the Lessor of its intention to do so, and the volume of the Water Allocations that it will be relinquishing, at least 20 Business Days before the end of the Water Year.

(b) If the Lessor receives a notice under clause 10.1(a), the Lessor may, within 10 Business Days of receiving the notice, give the Lessee a written notice requiring that the Lessee transfer the Water Allocations that the Lessee notified it intended to relinquish to an account nominated by the Lessor before the end of the Water Year. Notwithstanding anything else within this document, all fees payable to Authorities relating to the transfer of these Water Allocations to the Lessor are to be borne by the Lessor.

10.2 Residual water where Lease is terminated due to Lessee's default

(a) If this Lease is terminated due to any breach or default by the Lessee, any unused Water Allocations at the date of the termination of this Lease (**Residual Water**) will become the property of the Lessor. If any other water allocations have been made to the Lessee's

account as a result of water entitlements other than the Water Entitlements (**External Water Allocations**), the Lessee will be considered to have exhausted the allocations from the External Water Allocations first.

(b) The Lessee must provide reasonable assistance and execute the required documents necessary to transfer any Residual Water to an account nominated by the Lessor.

11. Power of Attorney

11.1 Persons appointed as Lessee's attorney

The Lessee irrevocably appoints the Lessor and each director of the Lessor, jointly and each of them severally, to be the attorney of the Lessee to:

(a) where the Law requires the Lease or any dealing related to the Water Entitlements to be recorded in a register, to sign a document in registrable form on the same terms and conditions contained in this Lease subject to any modifications required by Law, including the form of the document; and

(b) upon termination of this lease, (sufficient proof of which shall be a statutory declaration to that effect by or on behalf of the Lessor), to execute (where applicable) to record on behalf of the parties in accordance with the terms of this Lease:

(i) a surrender of any Term Transfer of the Water Entitlements;

(ii) an assignment, transfer, or trade of any Residual Water; and

(iii) any other document necessary to return complete legal and beneficial ownership in the Water Entitlements and Residual Water to the Lessor.

11.2 Lessee ratifies and confirms

The Lessee promises in favour of the Lessor and any attorney of the Lessee under this clause to:

(a) ratify and confirm whatever the attorney appointed under this Lease shall lawfully do or cause to be done for the Water Entitlements or this Lease; and

(b) pay to the Lessor on demand an equal proportion of the amount of any costs or other liabilities incurred by or on behalf of the Lessor or the attorney appointed under this Lease in the exercise of the powers referred to in this clause save to the extent of costs arising as a result of default by a party to this Lease, in which case the defaulting party shall bear the entirety of the costs or liabilities incurred.

11.3 Unpaid costs

If the Lessee does not pay to the Lessor on demand the amount of any costs or other liabilities incurred by or on behalf of the Lessor or any attorney appointed under this Lease in the exercise of the powers referred to in this clause, the provisions of this Lease relating to the payment of interest on unpaid Rent shall apply for that unpaid amount from the date of demand until payment is made to the Lessor.

12. GST

12.1 Definitions

Any terms capitalised in this clause 12 and not already defined in clause 16.1 have the same meaning given to those terms in the GST Act.

12.2 GST exclusive

Except under this clause 12, the consideration for a Supply made under or in connection with this document does not include GST.

12.3 Taxable Supply

If a Supply made under or in connection with this document is a Taxable Supply, then at or before the time any part of the consideration for the Supply is payable:

(a) the Recipient must pay the Supplier an amount equal to the total GST for the Supply, in addition to and in the same manner as the consideration otherwise payable under this document for that Supply; and

(b) the Supplier must give the Recipient a Tax Invoice for the Supply.

12.4 Later GST change

For the avoidance of doubt, the GST payable under clause 12.3 is correspondingly increased or decreased by any subsequent adjustment to the amount of GST for the Supply for which the Supplier is liable, however caused.

13. Option to extend the Term

13.1 Grant of option

If an Option Term is specified in the item 7 of the Reference Schedule, the Lessor grants the Lessee the option to extend the Term for the Option Term on the terms set out in this clause 13.

13.2 Option to extend the Term

(a) If the Lessee wishes to exercise its option to extend the Term, it must notify the Lessor in writing no more than six and no less than four months before the Expiry Date that it wishes the Lessor to determine the Current Market Rent.

(b) If the Lessee receives notice under clause 13.2(a), the Lessor must determine the Current Market Value of the Water Entitlements and give the Lessee written notice of the Current Market Rent of the Water Entitlements at least three months before the Expiry Date.

13.3 Exercise of Option

(a) The Lessee may exercise its option to extend the Term by giving the Lessor, within 20 Business Days of receiving a notice from the Lessor under clause 13.2(b) written notice that the Lessee wishes to exercise its option to extend the Term.

(b) If the Lessee exercises its option to extend the Term in accordance with clause 13.3(a), any notice issued under clause 14.2(b) lapses, and the Lessee will not be entitled to exercise any option to purchase under clause 14 until the final six months of the extended Term.

13.4 Variations if option to extend the Term is exercised

If the Lessee exercises the option to extend the Term for an Option Term, the terms and conditions of the Lease will remain the same, save for:

(a) the Rent for the period commencing at the start of the Option Term will be varied to be the Current Market Rent determined by the Lessor in accordance with clause 13.2(a);

(b) the Expiry Date will be varied to the end of the Option Term;

(c) the number of Option Terms will be reduced by one; and

(d) if the option is in respect of the last remaining Option Term, this clause will be deleted.

14. Option to purchase

14.1 Grant of option

The Lessor grants the Lessee the option to purchase the Water Entitlements free from encumbrances on substantially the same the terms as set out in the Water Sale Agreement between the parties dated *, save as amended by this clause 14.

14.2 Option to purchase

(a) If the Lessee wishes to exercise its option to purchase the Water Entitlements, it must notify the Lessor in writing no more than six and no less than four months before the Expiry Date that it wishes the Lessor to determine the Current Market Value.

(b) If the Lessee receives notice under clause 14.2(a), the Lessor must determine the Current Market Value of the Water Entitlements and give the Lessee written notice of the Current Market Value of the Water Entitlements at least three months before the Expiry Date.

14.3 Exercise of option

(a) The Lessee may exercise its option to purchase the Water Entitlements by giving the Lessor, within 20 Business Days of receiving a notice from the Lessor under clause 14.2(b):

(i) written notice that the Lessee wishes to exercise its option to purchase the Water Entitlements;

(ii) the Water Sale Agreement (in duplicate), duly completed and executed by the Lessee, with:

(A) the purchase price inserted to be the Current Market Value; and

(B) the effective date inserted to be the date after the Expiry Date; and

(iii) a bank cheque for the deposit under the Water Sale Agreement, being 10% of the Current Market Value.

(b) If the Lessee validly exercise the option to purchase the Water Entitlements, the Lessor must complete and otherwise execute the accompanying Water Sale Agreement in duplicate and deliver one copy of the executed Water Sale Agreement to the Lessee within 5 Business Days.

(c) If there has been a change in law or a change relating to the identification or nature of the Water Entitlements since the date of this Lease that would make the Water Sale Agreement unenforceable or ineffective to convey the Water Entitlements, the parties must use their best endeavours to make any necessary amendments to the Water Sale Agreement in order to ensure that it is enforceable and effective to convey the Water Entitlements.

(d) If the Lessee exercises its option to purchase the Water Entitlements in accordance with clause 14.3(a), any notice issued under clause 13.2(b) lapses, and the Lessee will not be entitled to exercise any outstanding option to extend the Term under clause 13.

15. General

15.1 Lessor's obligations

Every obligation on the part of the Lessor, shall bind the Lessor or any successor or assignee only during the periods when it is entitled to receive the Rent.

15.2 Consent of the Lessor

Unless this Lease otherwise requires, where the Lessor has a discretion or its consent or approval is required for anything, the Lessor shall be entitled to withhold or delay its decision, consent or approval without giving any reason.

15.3 Amendments

This Lease may only be amended by written agreement between all parties.

15.4 Counterparts

This document may be signed in any number of counterparts. All counterparts together make one instrument.

15.5 No merger

The rights and obligations of the parties under this document do not merge on completion of any transaction contemplated by this document.

15.6 Entire agreement

(a) This document supersedes all previous agreements about their subject matter and embodies the entire agreement between the parties.

(b) To the extent permitted by law, any statement, representation, term, warranty, condition, promise or undertaking made, given or agreed to in any manner, has no effect except to the extent expressly set out or incorporated by reference in this document.

15.7 Further assurances

Each party must take all steps, execute all documents and do everything reasonably required by the other party to give effect to any provisions of this Lease.

15.8 No waiver

(a) The failure of a party to require full or partial performance of any provision of this document does not affect the right of that party to require that performance subsequently.

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(b) A single or partial exercise of or waiver of the exercise of any right, power or remedy does not preclude any other or further exercise of that or any other right, power or remedy.

(c) A right under this document may only be waived in writing signed by the party granting the waiver, and is effective only to the extent specifically set out in that waiver.

15.9 Governing law and jurisdiction

(a) The law of the Territory governs this document.

(b) Each party irrevocably submits to the non-exclusive jurisdiction of the Territory's courts and courts competent to hear appeals from those courts.

15.10 Severability

(a) A clause or part of a clause of this document that is illegal or unenforceable may be severed from this document and the remaining clauses or parts of the clause of this document continue in force.

(b) If any provision is or becomes illegal, unenforceable or invalid in any jurisdiction, it is to be treated as being severed from this document in the relevant jurisdiction, but the rest of this document will not be affected.

15.11 Notice

(a) A notice, consent or communication under this document is only effective if it is:

(i) in writing, signed by or on behalf of the person giving it;

(ii) addressed to the person to whom it is to be given; and

(iii) given as follows:

(A) delivered by hand to that person's address;

(B) sent to that person's address by prepaid mail or by prepaid airmail, if the address is overseas; or

(C) sent to that person's email address and no 'bounce back' message was received by the sender.

(b) A notice, consent or communication delivered under this clause 15.11 is given and received:

(i) if it is hand delivered:

(A) by 5.00pm (local time in the place of receipt) on a Business Day – on that day; or

(B) after 5.00pm (local time in the place of receipt) on a Business Day, or on a day that is not a Business Day – on the next Business Day; and

(ii) if it is sent by post:

(A) within Australia – three Business Days after posting; or

(B) to or from a place outside Australia – seven Business Days after posting.

(iii) if it is sent by email, at the time it is received in the recipient's inbox.

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(c) A person's address is as set out at the commencement of this document or as the person notifies to the other party or parties at any time in writing.

(d) A notice, consent or communication must be in writing and may be signed by the party giving it, by that party, or by that party's lawyer.

15.12 Time is of the essence

Time shall be of the essence of this Lease in relation to the performance by a party of its obligations under this Lease.

16. Defined terms and interpretation

16.1 Defined terms

In this document:

Authority	means any Court, or any state or federal government, local government, statutory or public authority, instrumentality, body, Irrigation Infrastructure Operator or any other person having jurisdiction over the Water Entitlements or Water Allocations, or anything relating to the Water Entitlements or Water Allocations.
Bankruptcy Act	means the *Bankruptcy Act 1966* (Cth)
Business Day	means a day that is not a Saturday, Sunday or public holiday in Adelaide, South Australia.
Claim	means any claim, action, proceeding or demand, however it arises and whether it is present or future, fixed or unascertained, actual or contingent.
Commencement Date	means the commencement date of the Term being the date specified in Item 1 of the Reference Schedule and as provided for in clause 2.
Control	has the meaning given in the Corporations Act.
Corporations Act	means *Corporations Act 2001* (Cth).
Current Market Rent	means an amount per annum equal to the Option Percentage of the Current Market Value of the Water Entitlements determined in accordance with the Current Market Review.
Current Market Value	means the current market of the value of the Water Entitlements determined by an independent third party review conducted by a registered valuer appointed by the Lessor to determine the fair value on a dollars per ML basis of the Water Entitlements.
Default Interest Rate	means the Reserve Bank of Australia cash rate plus 3% per annum.
End of the Term	means the end of the Term, whether arising through termination of this Lease through effluxion of time or otherwise.
Expiry Date	means the expiry date of the Term, being the date specified in Item 2 of the Reference Schedule.

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GST Act	means *A New Tax System (Goods and Services Tax) Act 1999* (Cth), or, if that Act does not exist for any reason, means any Act imposing or relating to the imposition or administration of a goods and services tax in Australia and any regulation made under that Act.
Insolvency Event	in relation to a party means any of the following events concerning a party, unless the events take place as part of a solvent reconstruction, amalgamation, merger or consolidation: (a) if an administrator, liquidator, receiver, receiver and manager or other controller (as defined in the Corporations Act) is appointed to, or over, any of the property or undertaking of the party; (b) if an order is made or an effective resolution is passed for the winding up or dissolution of the party without winding up; (c) if the party is made bankrupt, declared bankrupt or files a petition for relief under bankruptcy laws; (d) if the party dies or is, or is declared to be incompetent or unable to conduct his or her affairs; (e) if the party or the party's property or undertaking becomes subject to a personal insolvency arrangement under part X Bankruptcy Act or a debt agreement under part IX Bankruptcy Act; (f) if the party is unable to pay its debts as and when they fall due or has stopped or suspended, or threatened to stop or suspend payment of all or a class of its debts; (g) if the holder of an Encumbrance takes possession of the whole or substantial part of the undertaking or property of the party; or (h) if any event happens in Australia or any other country or territory in respect of a party that is similar to any of the events or circumstances referred to in this definition.
Irrigation Infrastructure Operator	means any corporation specified as the "Authority" for any of the Water Entitlements in item 6 of the Reference Schedule.
Law	means: (a) the principles of law or equity established by decisions of Australian courts; (b) any legislation, statutes, acts, rules, orders, regulations, by-laws, local laws, policies or ordinances which are enacted, issued or promulgated by the State, a Minister, the Chief Executive under the Water Act, a corporation or authority constituted for a public purpose or a local authority; and (c) requirements made or arising under or under any of the matters referred to in paragraphs (a) or (b) above.
Lease	means this document.
ML	means megalitre, or one million litres.
Option Percentage	means the percentage (if any) specified at item 7 of the Reference Schedule.

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Option Term	means the period (if any) stated in Item 7 of the Reference Schedule.
Outgoings	means the total amount incurred by the Lessor in connection with owning or holding the Water Entitlements or the Water Allocations, or the taking of water under the Water Allocations by the Lessee, including any costs associated with holding shares in, comply with the rules of, or receiving water allocations from any Irrigation Infrastructure Operator. For the avoidance of doubt, the outgoings during the initial Water Year will include fees charged at the rates set out in the price lists at Annexure A.
Payment Period	means the period stated in Item 4 of the Reference Schedule.
Regulated Area	means the area to which each of the Water Entitlements apply, as set out in Item 6 of the Reference Schedule.
Rent	means the annual rent payable by the Lessee to the Lessor under this Lease for each Water Year, as set out in Item 3 of the Reference Schedule.
Residual Water	has the meaning set out in clause 10.2.
Term	means the term of this Lease as specified in clause 2.
Term Transfer	means the assignment, term transfer or limited term transfer of the Water Entitlements, or any other form of temporary transfer (including directions to an Irrigation Infrastructure Operator to provide the Lessee with all water allocations of the Water Entitlements for a given Water Year).
Territory	means the state or territory specified at Item 8 of the Reference Schedule.
Water Act	means: (a) the *Water Management Act 2000* (NSW) for Water Entitlements where the Regulated Area is within New South Wales; and (b) the *Water Act 1989* (Vic) for Water Entitlements where the Regulated Area is within Victoria, or, if an Act ceases to exist for any reason, means any Act replacing that Act for the purposes of regulating the Water Entitlements.
Water Allocation	means any water allocation (as defined in the Water Act) which the holder of the Water Entitlements is entitled to for the duration of the Term.
Water Entitlements	means the water entitlements described in Item 6 of the Reference Schedule.
Water Regulations	means the Water Act, any regulations made under that Act, the rules of any Irrigation Infrastructure Operator that apply to the Water Entitlements, and any water sharing plan, sustained water strategy, regional river health strategy, stream flow management plan, groundwater management plan or bulk entitlement that applies to the Water Entitlements.
Water Sale Agreement	means a water sale agreement on substantially the same terms as the water sale agreement entered into between the parties in July 2016 for the sale of the Water Entitlements.
Water Year	means each separate period of 12 months (or part thereof) of the Term.

commencing on 1 July and ending on 30 June.

16.2 Interpretation

In this document:

(a) a reference to a clause, schedule, annexure or party is a reference to a clause of, and a schedule, annexure or party to, this document and references to this document include any schedules or annexures;

(b) a reference to a party to this document or any other document or agreement includes the party's successors, permitted substitutes and permitted assigns;

(c) if a word or phrase is defined, its other grammatical forms have a corresponding meaning;

(d) a reference to a document or agreement (including a reference to this document) is to that document or agreement as amended, supplemented, varied or replaced;

(e) a reference to this document includes the agreement recorded by this document;

(f) a reference to legislation or to a provision of legislation (including subordinate legislation) is to that legislation as amended, re-enacted or replaced, and includes any subordinate legislation issued under it;

(g) if any day on or by which a person must do something under this document is not a Business Day, then the person must do it on or by the next Business Day;

(h) a reference to a person includes a corporation, trust, partnership, unincorporated body, government and local authority or agency, or other entity whether or not it comprises a separate legal entity;

(i) a reference to 'month' means calendar month;

(j) this document is not to be interpreted against the interests of a party merely because that party proposed this document or some provision in it or because that party relies on a provision of this document to protect itself;

(k) a reference to a day is to be interpreted as the period of time commencing at midnight and ending 24 hours later;

(l) a reference to '$' or 'dollar' is to Australian currency;

(m) the meaning of any general language is not restricted by any accompanying example, and the words 'includes', 'including', 'such as' or 'for example' (or similar phrases) do not limit what else might be included.

Signing page

EXECUTED as a deed

Executed by Lessor:

Signature of director	Signature of director/company secretary (Please delete as applicable)
Name of director (print)	Name of director/company secretary (print)

Executed by Lessee:

Signature of director	Signature of director/company secretary (Please delete as applicable)
Name of director (print)	Name of director/company secretary (print)

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Annexure A – Price lists

Fees for applications to Water Corporations in the 2016-17 Water Year

Application	Current fee
Form 1 Application to Transfer a Water Share	$189.20
Form 5 Application to Divide a Water Share	$159.30
Form 6 Application to Consolidate Water Shares	$159.30
Form 7 Application for the Issue of a Water Share	$189.20
Form 8 Application to Cancel a Water Share	$189.20
Form 9 Application to Vary and/or Associate or Revoke the Association of a Water Share	$84.20
Form 10 Application for a Limited Term transfer	$189.20
Form 39 Application to Trade Water Allocation	$84.20
Form 39 Application to Trade Water Allocation (submitted online)	$44.70

Fees for applications to the Water Registrar in the 2016-17 Water Year

Application	Current fee
Transfer of Water Share	$121.40
Limited Term Transfer	$121.40
Surrender of Limited Term Transfer	$60.80
Mortgage of Water Share	$60.80
Discharge of Mortgage of Water Share	$60.80
Transfer of Water Share by Mortgagee	$121.40
Variation of Recorded Mortgage of Water Share	$60.80
Transfer of Recorded Mortgage of Water Share	$60.80
Variation in Priority of Recorded Mortgages of Water Share	$60.80
Application by Surviving Owner of a Water Share	$121.40
Application by Legal Personal Representative in Respect of Water Share (LPR)	$121.40
Transmission Application by Trustee in Bankruptcy of Water Share	$121.40
Application to correct or amend name in Register	$121.40
Memorandum of Common Provisions for Water Share Mortgage	$121.40

Goulburn-Murray Water
Pricelist 2016/17

FEES AND CHARGES

Our full price list is also available at www.gmwater.com.au/pricing

GRAVITY AND PUMPED IRRIGATION

		IRRIGATION DISTRICT				
		Goulburn Murray Area				
	UNIT	Shepparton	Central Goulburn, Rochester, Loddon Valley, Murray Valley, Tungamby	Waranga	Nyah	Tresco
Service	$ / Account	110.00	110.00	110.00	110.00	110.00
Service Point - Local Read	$ / Each	320.00	320.00			
Service Point - Remote Read	$ / Each	475.00	475.00			
Service Point - Remote Operate	$ / Each	575.00	575.00			
Service Point -DES	$ / Each	90.00	90.00			
Additional Service Point	$ / Each			90.00	90.00	90.00
Infrastructure Access	$ / ML/day	4,349.48	2,898.00	4,394.83	4,269.58	5,116.79
Infrastructure Use	$ / ML	8.20	5.93	18.13	19.79	10.25
Casual Infrastructure Use	$ / ML	74.03	49.37	80.08	80.79	85.71
Distribution Access	$ / ML/day	4,398.48	2,898.00			
Distribution Use	$ / ML	9.20	6.06			
Termination*	$ / ML/day	42,384.90	28,980.00	50,948.30	49,595.60	51,167.80
Overuse	$ / ML	2,000.00	2,000.00	2,000.00	2,000.00	2,000.00

*Indicative Termination Fee will be calculated using the actual fixed fees payable in the year of termination.

SURFACE DRAINAGE

		IRRIGATION DISTRICT						
		Goulburn Murray Area						
	UNIT	Shepparton	Central Goulburn	Rochester-Campaspe	Loddon Valley	Murray Valley	Tungamby	Tungamby
Service	$ / Account	110.00	110.00	110.00	110.00	110.00	110.00	110.00
Area	$ / HA	13.07	6.40	3.86	4.19	6.70	4.19	3.62
Water Use	$ / ML	5.44	2.93	2.93	3.02	3.24	3.81	4.18
Drainage Diversion Site	$ / Site	208.30	208.30	208.30	62.00	208.30	62.00	62.00
Drainage Diversion Agreement	$ / ML	2.08	2.08	2.08		2.08		

COMMUNITY SURFACE DRAINAGE

Community Surface Drainage	$ / km	887.78	887.78	887.78	887.78	887.78	887.78	

SUBSURFACE DRAINAGE

		IRRIGATION DISTRICT					
		Goulburn Murray Area					
	UNIT	Central Goulburn	Rochester	Murray Valley	Waranga	Nyah	Tresco
Subsurface Drainage	$ / ML						1.82
Local Benefit Area	$ / HA	2.88	17.46	4.96			
Local Benefit Water Use	$ / ML	1.52	9.59	3.62			
Municipal Local Benefit Area	$ / HA	15.25	68.40	20.50			
Service	$ / Account				110.00	110.00	
Area	$ / HA				1.74		
Water Use	$ / ML				0.71	3.81	

DIVERSION

	UNIT	Regulated Waterways	Unregulated Waterways	Shepparton Irrigation Region Groundwater	Kerang, Kingdale, Loddon Highlands, Lower Campaspe, Lower Ovens, Mid Goulburn, Mid Loddon, Upper Ovens & Other Intensive Groundwater	Other Groundwater
Service	$ / Account	110.00	110.00	110.00	110.00	110.00
Service Point Fee - Small	$ / Each	100.00	100.00		100.00	100.00
Service Point Fee - Large	$ / Each	320.00	320.00		320.00	320.00
Access Fee (Regulated Waterways)	$ / ML/day	139.37				
Access Fee (ML)	$ / ML		5.83		1.55	
Access Fee (Service Point)	$ / Each	85.00	85.00	90.00	90.00	90.00
Resource Management Fee	$ / ML		3.12	1.37	4.59	4.59
Overuse Fee	$ / ML	2,000.00	2,000.00	2,000.00	2,000.00	2,000.00

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BULK WATER		BASIN						
	UNIT	Broken	Goulburn	Campaspe	Loddon	Bullarook	Murray	Ovens
Very High Reliability Entitlement	$ / ML		8.69					
High Reliability Entitlement	$ / ML	42.82	8.25	25.18	42.74	367.32	10.22	53.99
Low Reliability Entitlement	$ / ML		4.23	15.54		222.56	4.64	
Above Entitlement Storage Fee	$ / ML		4.23	15.54			4.64	
WR Equivalent Entitlement	$ / ML		10.54				11.99	
Collbran Capacity Share Source	$ / ML			31.00				

REGIONAL URBAN STORAGE ANCILLARY FEE								
Regional Urban Storage Ancillary Fee	$ / ML	10.00	10.00	10.00	10.00	10.00	10.00	10.00

ENTITLEMENT STORAGE		BASIN						
	UNIT	Broken	Goulburn	Campaspe	Loddon	Bullarook	Murray	Ovens
WATER USER								
High Reliability Water Share Entitlement Storage	$ / ML	10.70	10.70	10.70	10.70	10.70	13.21	13.21
Low Reliability Water Share Entitlement Storage	$ / ML	5.24	5.24	5.24	5.24	5.24	6.00	5.00
NON WATER USER								
Service	$ / Account	110.00	110.00	110.00	110.00	110.00	110.00	110.00
High Reliability Water Share Entitlement Storage	$ / ML	42.82	8.25	25.18	42.74	367.32	10.22	53.99
Low Reliability Water Share Entitlement Storage	$ / ML		4.23	15.54		222.56	4.64	
ABOVE ENTITLEMENT STORAGE								
Above Entitlement Storage	$ / ML		4.23	15.54			4.64	

DOMESTIC AND STOCK FLOOD PROTECTION		WATER DISTRICTS AND WATERWAYS					
	UNIT	Normanville	Tangerook	East Loddon (South)	East Loddon (North)	West Loddon	Lash Garry
Service	$ / Account	110.00	110.00	110.00	110.00	110.00	110.00
Water Allowance Storage	$ / ML	8.26	8.26	8.26	8.26	8.26	
Infrastructure Access	$ / kL/day	168.56	162.18	108.81			
Infrastructure Access	$ / HA				2.85	3.11	
Infrastructure Use	$ / ML	114.14	43.21	63.16			
Additional Service Point	$ / Each	90.00	90.00	90.00			
Distribution Access	$ / ML/day				2,896.00		
Distribution Use	$ / ML				5.00		
Overuse	$ / ML	2,000.00	2,000.00	2,000.00	2,000.00	2,000.00	
Flood Protection	$ / HA						1.39

Enquiries

For further information contact GMW on 1800 013 357.
GMW's full price schedule is available at www.gmwater.com.au/pricing

All prices are exempt of GST and are for the period of 1 July 2016 to 30 June 2017 including the Infrastructure Access Tariff for water delivery in the Goulburn Murray Irrigation District which is set for 15 August 2016 to 15 May 2017.

Legend
HA Hectares
kL Kilolitres
km Kilometres
ML Megalitres

Interest
Under s261 of the Water Act 1989 interest shall be payable in respect to all amounts payable under a fee or charge if the amount is not paid by the due date.

Interest is charged at a rate of 8.1 per cent, however, interest will not be payable on 2016/17 charges by customers who enter into a payment arrangement with GMW.

Payment Options
Pay your fixed charges bill in full by 16 September 2016 and receive a 4 per cent discount or pay in full by 16 December 2016 with no discount.

We are also offering a new instalment option for 2016/17 fixed charges accounts. Pay eight equal instalments of 10.5 per cent on the 16th of each month, starting on 16 September 2016, excluding January 2017 with the final payment due on 16 May 2017.

Concessions
There is a Victorian Government concession of 50 per cent (to a maximum of $152.75) available on fixed charges accounts for eligible concession card holders upon application.

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MISCELLANEOUS CHARGES

Private Works	$
Security Deposit	5% Job ($1,000 min)
Supervision Fee	5% Job ($250 min)
Issue Fee / Job	80.00
Water District	**$**
Reclassification Fee	152.00
Subdivision Fee	197.50
Diversion Water on Crown Land	**$**
Issue Fee	82.00
Small Pipe Outlet	**$**
Issue Fee	139.00
Supply Agreement	**$**
Drainage Supply Agreement	339.00
High Flow Annual Fee (drainage only)	71.00
New and amendment to supply by agreement	618.00
Amend District Boundaries	**$**
Extension or Diminishment of GMW Districts	427.00
Special Meter Reading and Bore Monitoring Fee	**$**
Meter Reading and Bore Monitoring Fee	81.50
Delivery Share / Reservation Fee	**$**
Application Fee	100.00
Information Statement (under Section 79B of the Act)	**$**
Application for Land Information Statement	117.00
Water Information Statement	**$**
One Water Share Identification Number (WIIN no.)	34.00
Each additional Water Share Identification Number	11.00
Rates and Charges Update - one per statement	34.00
Express Service	64.00
Title, Licence and Copy of Record Search	**$**
Water Register Information - Copy of Record	25.00
Title and Company Search	30.00
Reprint of consigned Take and Use Licence or Works Licence	70.00
Dams on or off Waterway Fee	**$**
Works on waterways and large dam construction licence	2,078.00
Works on waterways and large dam construction or operate licence renewal, transfer	726.50
Registration of construction or alteration of a Domestic Stock or Aesthetic dam	61.00
Groundwater Works Licence Fees	**$**
Domestic and stock bore to construct, alter and replace	306.00
Online domestic and stock bore to construct	306.00
Online domestic and stock bore to amend and renew	81.00
Licensable bore - construct, alter, operate	1,428.00
Licensable bore - replace	312.00
Each additional licensable bore associated with a construct works licence	177.00
Amendment to domestic and stock bore	306.00
Renewal/transfer of a works licence to construct	203.00
Amendment of a works licence to construct (licensable purpose)	547.00
Investigation or monitoring bore construct, alter, replace and decline	408.00
Online - investigation or monitoring bore to construct	338.50
Online - investigation or monitoring bore amend and renew	81.00
Each additional licensable bore associated with construct works licence	112.00
Renewal/transfer of a works licence to construct	308.50
Each additional observation bore	172.00
Amendment to investigation/observation	308.00

Waterway Determination	$
Initial inspection and report	405.00
Each additional assessment	225.00
Irrigation Development Guidelines (IDG)	**$**
IDG Technical Assessment	1,065.00
IDG Final Assessment and Further Information Fee	1% IDG Fee
IDG Licence Feasibility Assessment	1% IDG Fee
Groundwater and Unregulated Surface Water Take and Use Licence Fees	**$**
Application Fee - Groundwater or Surface Water Licence	1,520.00
Review additional information for high risk applications	App Fee + 1% IDG Fee
Application for Temporary Transfer of Licence volume	
Tier 1 - Temporary trade	309.00
Tier 2 - Temporary trade technical assessment required	927.00
Review of additional information required	App Fee + 1% IDG Fee
Permanent Transfer of Licence Entitlement	1,074.00
Review of additional information required	App Fee + 1% IDG Fee
Transfer of Ownership (land transfer)	203.00
Amend, amalgamate, subdivide licence	961.00
Renew Groundwater/surface water licence	626.00
Decrease Licence Volume	357.00
Registration and transfer of a Domestic and Stock bore	61.00
Capital Charge for New Groundwater Entitlement (per licence ML)	100.00
Private right determination	61.00
Land Transactions	**$**
Change of Ownership	77.00
Application to issue, Transfer or Vary a Delivery Share	183.00
Application for delivery capacity assessment	183.00
Application to issue or vary a Water Use Licence (with inspection)	431.00
Application to issue or vary a Water Use Licence (without inspection)	203.00
Application to cancel a Water Use Entity	No Charge
Application to issue/amend/renew a Works Licence	715.00
Application to transfer a Works Licence	203.00
Occupation Licence Fees (grazing, jetties, slipways, occupation)	**$**
Application for a New Licence, Transfer or Vary Fee	250.00
Retrospective Application Fee	500.00
Site Assessment and Supervision Fee	5% Job ($500 min)
Works Refundable Security Deposit	25% Job ($1,000 min)
Regatta Fees	**$**
First day	203.00
Each consecutive day	114.00
CMA Salinity Management Charge	**$**
Operations and Maintenance Charge	4.00
Capital Charge	36.00
Water Register Application Fees	**$**
Form 1 Application to Transfer a Water Share	155.00
Form 5 Application to Divide a Water Share	155.50
Form 6 Application to Consolidate Water Shares	155.50
Form 7 Application for the Issue of a Water Share	155.50
Form 8 Application to Cancel a Water Share	155.50
Form 9 Application to Vary and/or Associate, or Revoke the Association of a Water Share	64.00
Form 10 Application for a Limited Term Transfer	155.00
Form 30 Application to Trade Water Allocation	64.00
Form 39 Application to Trade Water Allocation (submitted online)	44.00

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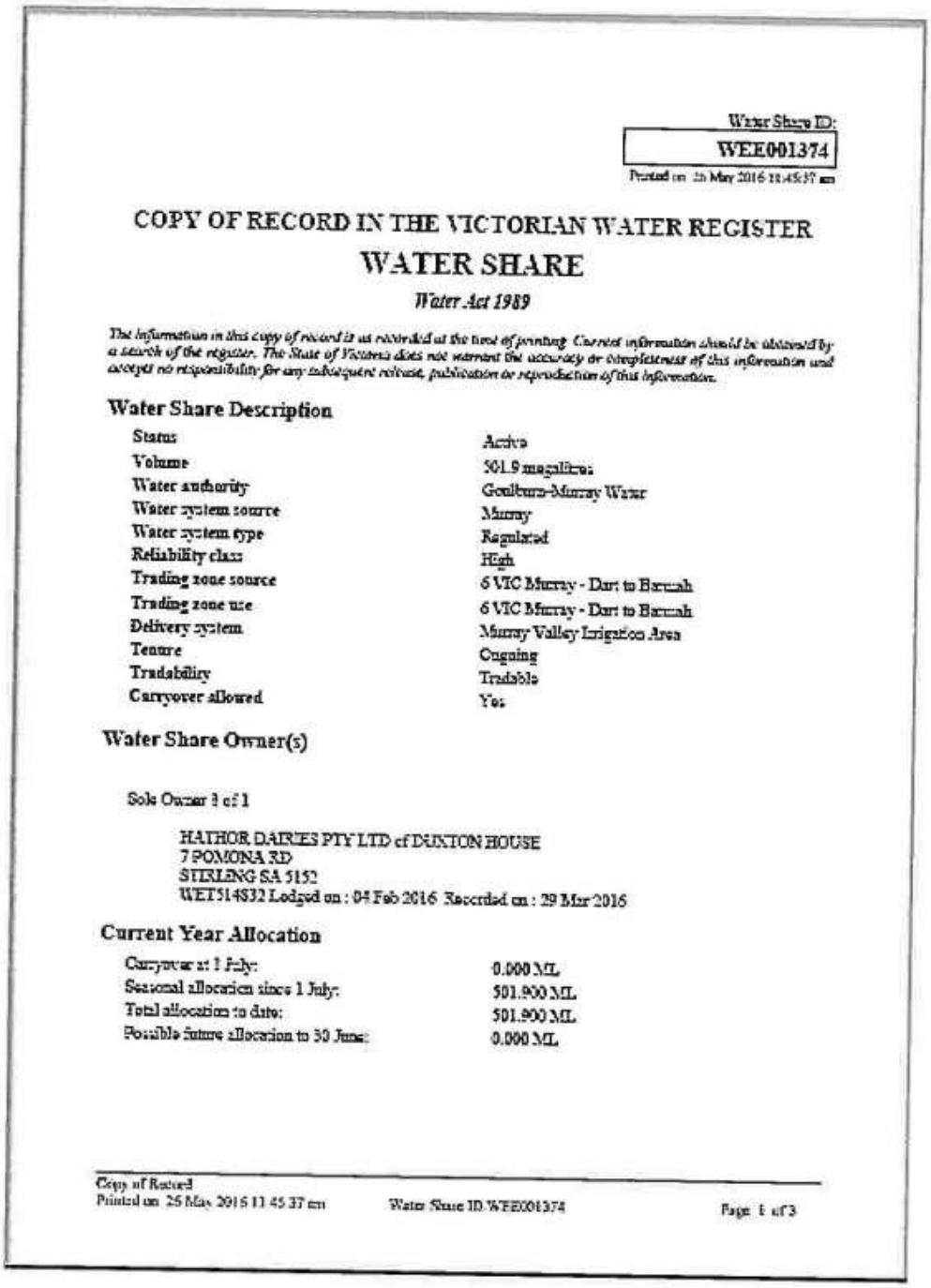
Certificates



Water Share ID:
WEE001374
Printed on 25 May 2016 11:45:37 am

COPY OF RECORD IN THE VICTORIAN WATER REGISTER

WATER SHARE

Water Act 1989

The information in this copy of record is as recorded at the time of printing. Current information should be obtained by a search of the register. The State of Victoria does not warrant the accuracy or completeness of this information and accepts no responsibility for any subsequent release, publication or reproduction of this information.

Water Share Description

Status	Active
Volume	501.9 megalitres
Water authority	Goulburn-Murray Water
Water system source	Murray
Water system type	Regulated
Reliability class	High
Trading zone source	6 VIC Murray - Dart to Barmah
Trading zone use	6 VIC Murray - Dart to Barmah
Delivery system	Murray Valley Irrigation Area
Tenure	Ongoing
Tradability	Tradable
Carryover allowed	Yes

Water Share Owner(s)

Sole Owner 1 of 1

HATHOR DAIRIES PTY LTD of DUXTON HOUSE
7 POMONA RD
STIRLING SA 5152
WET514832 Lodged on : 04 Feb 2016 Recorded on : 29 Mar 2016

Current Year Allocation

Carryover at 1 July:	0.000 ML
Seasonal allocation since 1 July:	501.900 ML
Total allocation to date:	501.900 ML
Possible future allocation to 30 June:	0.000 ML

Copy of Record
Printed on 25 May 2016 11:45:37 am Water Share ID WEE001374 Page 1 of 3

Spillable Account Details

Low risk of spill declaration:	Sep 10 2015
Volume spilled:	0.000 ML
Current volume subject to above entitlement storage fee:	0.000 ML
Maximum volume subject to above entitlement storage fee:	0.000 ML

Water Share Association

Water use reference(s)

Water use ID	*Status*	*Type*	*Annual use limit (ML)*
WUL021083	Active	Use licence	1920.0

Land description

Volume 7496 Folio 020
CA 50B Parish of Boosey

Volume 8799 Folio 578
Lot 2 of Plan LP0S5885

Volume 11103 Folio 587
Lot 1 of Plan PS600054G

Volume 7496 Folio 018
Lot 1 of Plan TP534358N

Recorded Interests

Mortgage

Priority	*Reference*	*Recorded date*	*Mortgagee*
1	MOR005465	29 Mar 2016	AUSTRALIA AND NEW ZEALAND BANKING GROUP LIMITED

Limited term transfer

Reference	*Start date*	*End date*	*Trading zone use*	*Delivery system*	*Water-use licence*	*Water authority*
Nil						

Notifications

Reference	*Recorded date*	*Notification details*
Nil		

Application History

Reference	*Type*	*Status*	*Lodged date*	*Approved date*	*Recorded date*
PTA036429	Address amendment	Recorded			03 Feb 2016
MOR005465	Mortgage create	Recorded	29 Mar 2016		29 Mar 2016
MOD016555	Mortgage discharge	Recorded	29 Mar 2016		29 Mar 2016
WET514832	Transfer within authority	Recorded	04 Feb 2016	09 Feb 2016	29 Mar 2016
WET701319	Transfer within authority	Rejected	18 Aug 2015	31 Aug 2015	
PTN005143	Name and address amendment	Recorded	25 Nov 2010	25 Nov 2010	25 Nov 2010
WEV014021	Association and Variation	Recorded	03 May 2010	03 May 2010	03 May 2010
WCF001084	Confirmation of a water share	Recorded	16 Jul 2008	17 Jul 2008	22 Jul 2008
T882251Y	Mortgage create	Recorded	01 Jul 2007		01 Jul 2007
WEI002345	Issue	Recorded	01 Jul 2007	01 Jul 2007	01 Jul 2007

END OF COPY OF RECORD

Water Share ID:
WEE006027
Printed on: 26 May 2016 11:45:32 am

COPY OF RECORD IN THE VICTORIAN WATER REGISTER

WATER SHARE

Water Act 1989

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Water Share Description

Status	Active
Volume	103.0 megalitres
Water authority	Goulburn-Murray Water
Water system source	Murray
Water system type	Regulated
Reliability class	High
Trading zone source	6 VIC Murray - Dart to Barmah
Trading zone use	6 VIC Murray - Dart to Barmah
Delivery system	Murray Valley Irrigation Area
Tenure	Ongoing
Tradability	Tradable
Carryover allowed	Yes

Water Share Owner(s)

Sole Owner 1 of 1

HATHOR DAIRIES PTY LTD of DUXTON HOUSE
7 POMONA RD
STIRLING SA 5152
WET514830 Lodged on : 04 Feb 2016 Recorded on : 29 Mar 2016

Current Year Allocation

Carryover at 1 July:	0.000 ML
Seasonal allocation since 1 July:	103.000 ML
Total allocation to date:	103.000 ML
Possible future allocation to 30 June:	0.000 ML

Spillable Account Details

Low risk of spill declaration:	Sep 10 2015
Volume spilled:	0.000 ML
Current volume subject to above entitlement storage fee:	0.000 ML
Maximum volume subject to above entitlement storage fee:	0.000 ML

Water Share Association

Water use reference(s)

Water use ID	*Status*	*Type*	*Annual use limit (ML)*
WUL002807	Active	Use licence	178.8

Land description
Volume 8799 Folio 577
Lot 1 of Plan LP085885

Recorded Interests

Mortgage

Priority	*Reference*	*Recorded date*	*Mortgagee*
1	MOR005468	29 Mar 2016	AUSTRALIA AND NEW ZEALAND BANKING GROUP LIMITED

Limited term transfer

Reference	*Start date*	*End date*	*Trading zone use*	*Delivery system*	*Water-use licence*	*Water authority*
Nil						

Notifications

Reference	*Recorded date*	*Notification details*
Nil		

Application History

Reference	*Type*	*Status*	*Lodged date*	*Approved date*	*Recorded date*
MOR005468	Mortgage create	Recorded	29 Mar 2016		29 Mar 2016
MOD016556	Mortgage discharge	Recorded	29 Mar 2016		29 Mar 2016
WET514830	Transfer within authority	Recorded	04 Feb 2016	09 Feb 2016	29 Mar 2016
WET701323	Transfer within authority	Rejected	18 Aug 2015	31 Aug 2015	
AB856010S	Mortgage create	Recorded	01 Jul 2007		01 Jul 2007
WEI006431	Issue	Recorded	01 Jul 2007	01 Jul 2007	01 Jul 2007

END OF COPY OF RECORD

Copy of Record
Printed on: 26 May 2016 11:45:32 am Water Share ID:WEE006027 Page 2 of 2

Hathor

Department of Primary Industries Water

Statement of Conditions

as at Tuesday, 28 June 2016

Issued under Water Management Act 2000

WAL number	4529
Reference number	50AL501014

Contact for service of documents

Name	Hathor Dairies Pty Ltd
Address	P O Box 785 STIRLING SA 5132

All holders

Name(s)	Hathor Dairies Pty Ltd

Licence details

Water source	NEW SOUTH WALES MURRAY REGULATED RIVER WATER SOURCE
Water sharing plan	NEW SOUTH WALES MURRAY AND LOWER DARLING REGULATED RIVERS WATER SOURCES 2003
Management zone	THAT PART OF THE WATER SOURCE UPSTREAM OF THE RIVER MURRAY AT PICNIC POINT
Category	REGULATED RIVER (GENERAL SECURITY)
Share component	606 units
Nominated work(s)	50CA501016
Tenure type	Continuing

DPI Water - Statement of Conditions **Licence number:** 50AL501014

Conditions

The water access licence with Reference No 50AL501014 is subject to the following conditions:

Plan conditions

Water sharing plan ***NSW Murray and Lower Darling Regulated Rivers Water Sources***

Take of water

MW0696-00001 The licence holder must not take water under this licence unless in accordance with:
(A) a nominated water supply work approval, and
(B) a water supply order approved and accepted by WaterNSW.

Notwithstanding (B), the licence holder may take water in accordance with an announcement made by the Minister declaring an uncontrolled water allocation accounting period.

MW0720-00001 The licence holder must not take any water using the nominated water supply work approval if the water allocation account of this licence is, or will go into debit.

MW0855-00001 The extraction component of this access licence may be amended by the Minister in accordance with the water sharing plan for the water source specified on this licence.

Reporting

MW0799-00001 The licence holder must provide the Minister with figures recording the quantity of water taken via the nominated water supply works approval, when required to do so, and in the form specified by the Minister.

Other conditions

No other conditions applicable

Glossary

cease to take - Cease to take conditions means any condition on this approval, or on the access licence under which water is proposed to be taken, that prohibits the taking of water in a particular circumstance.

uncontrolled flow - Uncontrolled flows are flows in excess of those needed to meet:

- the environmental provisions of the water sharing plan, and
- basic landholder rights, and
- water orders placed by regulated river (general security) access licences and higher priority access licences in a water source.

DPI Water - Statement of Conditions **Licence number:** 50AL501014

General Notes

All conditions on a water access licence require compliance. An appeal to the Land and Environment Court against a decision to impose certain conditions on an approval can be made within 28 days after the date the decision is made. Conditions identified with the first letter "D" are those that can be appealed during the appeal period.

Certain dealings and other matters relating to this water access licence or a holding in this water access licence must be registered in the Access Register in accordance with section 71A of the *Water Management Act 2000*. For information about the Access Register, contact Land and Property Information (http://www.lpi.nsw.gov.au).

Department of Primary Industries Water

Statement of Conditions

as at Tuesday, 28 June 2016

Issued under Water Management Act 2000

WAL number	37452
Reference number	50AL513115

Contact for service of documents

Name	Hathor Dairies Pty Ltd
Address	P O Box 785 STIRLING SA 5132

All holders

Name(s)	Hathor Dairies Pty Ltd

Licence details

Water source	NEW SOUTH WALES MURRAY REGULATED RIVER WATER SOURCE
Water sharing plan	NEW SOUTH WALES MURRAY AND LOWER DARLING REGULATED RIVERS WATER SOURCES 2003
Management zone	THAT PART OF THE WATER SOURCE UPSTREAM OF THE RIVER MURRAY AT PICNIC POINT
Category	REGULATED RIVER (GENERAL SECURITY)
Share component	586 units
Nominated work(s)	50WA500544
Tenure type	Continuing

DPI Water - Statement of Conditions **Licence number:** 50AL513115

Conditions

The water access licence with Reference No 50AL513115 is subject to the following conditions:

Plan conditions

Water sharing plan ***NSW Murray and Lower Darling Regulated Rivers Water Sources***

Take of water

MW0696-00001 The licence holder must not take water under this licence unless in accordance with:
(A) a nominated water supply work approval, and
(B) a water supply order approved and accepted by WaterNSW.

Notwithstanding (B), the licence holder may take water in accordance with an announcement made by the Minister declaring an uncontrolled water allocation accounting period.

MW0720-00001 The licence holder must not take any water using the nominated water supply work approval if the water allocation account of this licence is, or will go into debit.

MW0855-00001 The extraction component of this access licence may be amended by the Minister in accordance with the water sharing plan for the water source specified on this licence.

Reporting

MW0799-00001 The licence holder must provide the Minister with figures recording the quantity of water taken via the nominated water supply works approval, when required to do so, and in the form specified by the Minister.

Other conditions

No other conditions applicable

Glossary

cease to take - Cease to take conditions means any condition on this approval, or on the access licence under which water is proposed to be taken, that prohibits the taking of water in a particular circumstance.

uncontrolled flow - Uncontrolled flows are flows in excess of those needed to meet:

- the environmental provisions of the water sharing plan, and
- basic landholder rights, and
- water orders placed by regulated river (general security) access licences and higher priority access licences in a water source.

DPI Water - Statement of Conditions **Licence number:** 50AL513115

General Notes

All conditions on a water access licence require compliance. An appeal to the Land and Environment Court against a decision to impose certain conditions on an approval can be made within 28 days after the date the decision is made. Conditions identified with the first letter "D" are those that can be appealed during the appeal period.

Certain dealings and other matters relating to this water access licence or a holding in this water access licence must be registered in the Access Register in accordance with section 71A of the *Water Management Act 2000*. For information about the Access Register, contact Land and Property Information (http://www.lpi.nsw.gov.au).

D Water Rights Sales Agreement 3

Water Rights Sales Agreement

CowellClarke
Commercial Lawyers

DUXTON WATER LTD

DUXTON VINEYARDS PTY LTD
as trustee of the Duxton Vineyards Trust

DEED OF VARIATION – WATER RIGHTS SALE AGREEMENT

DRAFT

Cowell Clarke
Level 5, 63 Pirie Street
Adelaide, South Australia 5000
T: +61 8 8228 1111
F: +61 8 8228 1100
www.cowellclarke.com.au

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160530_2021340_1

THIS DEED made 2016

BETWEEN **DUXTON WATER LTD ACN 611 976 517** of c/- Tilbrook Rasheed, 13 Greenhill Road, Wayville South Australia 5034 ("**Buyer**")

AND **DUXTON VINEYARDS PTY LTD ACN 608 763 515** as trustee of the Duxton Vineyards Trust of c/- Tilbrook Rasheed, 13 Greenhill Road, Wayville South Australia 5034 ("**Seller**")

RECITALS

A. The parties executed a Water Rights Sale Agreement dated 17 June 2016 ("**WRSA**") pursuant to which the Buyer agreed to purchase 1,283.56 ML of Water Rights from the Seller on the terms and conditions of the WRSA.

B. Pursuant to clause 25 of the WRSA, the parties agreed that they may amend the WRSA, which they wish to do in accordance with the terms of this Deed.

IT IS AGREED

1. **Interpretation**

Any terms used in this Deed have the same meaning as in the WRSA, unless the context otherwise requires.

2. **Variation**

With effect from the date of this Deed, clauses 2.2.7, 2.2.27 and 2.2.35 of the WRSA are deleted and replaced respectively as follows:

Clause 2.2.7 "**CBRE**" means CBRE Valuations Pty Ltd ABN 15 008 912 641;

Clause 2.2.27 "**Valuation Report**", means the report prepared for the Buyer by CBRE entitled "[ ]" dated [ ] July 2016;

Clause 2.2.35 "**Water Rights Value**" means the value of the Water Rights as determined in the Valuation Report, or any updated or subsequent report prepared by CBRE at the request of the Buyer in respect of the Water Rights;

3. **WRSA to remain binding**

Other than to the extent expressly varied by this Deed, the parties confirm that the terms of the WRSA remain in full effect, unchanged and continue to be binding on the parties.

4. **General**

Clauses 19 and 21 to 30 (inclusive) of the WRSA apply to this Deed as if expressly set out in this Deed and any reference within those clauses to the WRSA is a reference to this Deed.

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EXECUTED as a deed

EXECUTED by **DUXTON VINEYARDS PTY LTD ACN 608 763 515 as trustee of the Duxton Water Trust** in accordance with Section 127(1) of the Corporations Act 2001:)

.....
Director

.....
Director/Secretary

.....
Name (print)

.....
Name (print)

EXECUTED by **DUXTON WATER LTD ACN 611 976 517** in accordance with Section 127(1) of the Corporations Act 2001:)

.....
Director

.....
Director/Secretary

.....
Name (print)

.....
Name (print)

DRAFT

160530_2021340_1

CowellClarke
Commercial Lawyers

Duxton Vineyards Pty Ltd ACN 608 763 515 as trustee of the Duxton Vineyards Trust ("Seller")

and

Duxton Water Ltd ACN 611 976 517 ("Buyer")

WATER RIGHTS SALE AGREEMENT

Cowell Clarke
Level 8, 63 Pirie Street
Adelaide, South Australia 5000
T: +61 8 8228 1111
F: +61 8 8228 1100
www.cowellclarke.com.au
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Schedule 1 – Water Rights 17

160530_1968784_2

THIS AGREEMENT made 17 day of June 2016

BETWEEN **DUXTON VINEYARDS PTY LTD** ACN 608 763 515 as trustee of the Duxton Vineyards Trust of c/- Tilbrook Rasheed of 13 Greenhill Road Wayville SA 5034 ("**Seller**")

AND **DUXTON WATER LTD** ACN 611 976 517 of c/- Tilbrook Rasheed of 13 Greenhill Road Wayville SA 5034 ("**Buyer**")

RECITALS

A. The Seller owns the Water Rights.

B. The Seller has agreed to sell to the Buyer and the Buyer has agreed to buy from the Seller the Water Rights on the terms of this Agreement.

IT IS AGREED as follows:

1. **Recitals**

The parties acknowledge the recitals are true and form part of this Agreement.

2. **Interpretation and definitions**

2.1 **Interpretation**

Unless qualified by or inconsistent with the context:

2.1.1 a reference to the singular includes the plural and vice versa;

2.1.2 headings are for convenience of reference and will not affect the interpretation of this Agreement;

2.1.3 references to any statutory enactment mean references to that enactment as amended, modified and re-enacted from time to time;

2.1.4 a reference to costs includes legal costs on a full indemnity basis;

2.1.5 a reference to a "person" includes a reference to an entity;

2.1.6 this Agreement binds the parties' respective heirs, successors, legal personal representatives, administrators and assigns;

2.1.7 the approval or consent of a party means that party's prior written approval or consent which is not to be unreasonably withheld or delayed;

2.1.8 a reference to a clause, Schedule or item is a reference to a clause or item of or schedule to this Agreement;

2.1.9 if the day on or by which a person must do something under this Agreement is not a Business Day, the person must do it on or by the next Business Day;

2.1.10 a reference to currency is a reference to Australian Dollars; and

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2.1.11 wherever "include" or "for example" or any form of those words are used, they must be construed as if they were followed by "(without being limited to)".

2.2 Definitions

In this Agreement:

2.2.1 "**ASX**" means ASX Limited or the market it operates, as applicable;

2.2.2 "**Applicable Laws**" means:

2.2.2.1 the *Water Management Act 2000* (NSW) and *Water Act 1912* (NSW) and any regulations under those acts;

2.2.2.2 in Victoria, the *Water Act 1989* and any regulations under that act;

2.2.2.3 the *Water Act 2007* (Cth) and any regulations under that act;

2.2.2.4 any other statute, rule, regulation, proclamation, ordinanance, order or by-law applicable to the Water Rights; and

2.2.2.5 any water sharing rules, water sharing plans, water resource plans, trading rules, Transformation rules or the like applicable to the Water Rights;

2.2.3 "**Approvals**" means any consent or approval of an Authority which may be required to Transfer the Water Rights including:

2.2.3.1 Ministerial approval required under s.33X of the *Water Act 1989* (Vic);

2.2.3.2 any Ministerial approval required under s.71M, s.71P, s.71Q, s.71T or such other relevant provision of the *Water Management Act 2000* (NSW); and

2.2.3.3 Irrigation Infrastructure Operator approval required under the *Water Market Rules 2009* (Cth) and any transfer rules specific to the Irrigation Infrastructure Operator;

2.2.4 "**Authority**" means any:

2.2.4.1 department or government in any jurisdiction, whether federal, state or local;

2.2.4.2 any local or private water corporation;

2.2.4.3 Irrigation Infrastructure Operator which includes any private irrigation district, private irrigation trust or private irrigation company; and

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2.2.4.4 any other person, authority, instrumentality or body having jurisdiction, rights, powers, duties or responsibilities in relation to the Water Rights,

and "**Authorities**" has a corresponding meaning;

2.2.5 "**Business Day**" means a day that is not a Saturday, Sunday or public holiday in South Australia, New South Wales and Victoria (where applicable);

2.2.6 "**Carryover Water**" means the volume of water under a Water Allocation that is not used within the Water Year and that carries over into the next Water Year;

2.2.7 "**Colliers**" means CIVAS (NSW) Pty Ltd ABN 32 168 282 728;

2.2.8 "**Contracts**" means the following contracts entered into by the Buyer:

2.2.8.1 contract between the Buyer and Duxton Vineyards Water Pty Ltd ACN 609 424 786 (as trustee for the Duxton Water Trust) for the transfer of water access licences in Zone 11 New South Wales Murray Regulated River totalling 3,194 ML; and

2.2.8.2 contract between the Buyer and Duxton Vineyards Water Pty Ltd ACN 609 424 786 (as trustee for the Duxton Water Trust) for the transfer of irrigation rights in Western Murray Irrigation Ltd, Zone 11 New South Wales Murray Regulated River and Murrumbidgee Irrigation Ltd, Zone 13 New South Wales Murrumbidgee Regulated River together totalling 4,077 ML;

2.2.9 "**Cut Off Date**" means 30 September 2016 or such later date as the parties mutually agree.

2.2.10 "**Encumbrance**" includes a Security Interest, charge, lien, mortgage, caveat, preferential right, trust arrangement, agreement or other arrangement given or created as security or creating rights in favour of another person to secure the performance of any obligations;

2.2.11 "**GST**" means goods and services tax payable under the GST Law and an expression used in this Agreement in relation to GST will have the meaning used in or attributed to that expression by the GST Law from time to time;

2.2.12 "**GST Law**" has the same meaning as the definition of "GST law" in *A New Tax System (Goods and Services Tax) Act 1999* (Cth);

2.2.13 "**Insolvency Event**" means any of the following:

2.2.13.1 the threatened or actual appointment of a voluntary administrator, liquidator, provisional liquidator, receiver, receiver and manager, controller, trustee in bankruptcy, administrator or other person of similar office, including any application to a court for such an appointment;

2.2.13.2 entry into or proposing an arrangement or compromise for the benefit of creditors;

2.2.13.3 the levy or enforcement of a writ of execution, order or judgment;

2.2.13.4 becoming unable to pay debts as and when they fall due for payment;

2.2.13.5 the taking of possession or control of any asset by a person under an Encumbrance; or

2.2.13.6 failing to satisfy or to apply to have set aside a statutory demand, a bankruptcy notice or other similar form of statutory notice within the time specified in the demand or notice;

2.2.14 "**Irrigation Infrastructure Operator**" has the meaning provided in the *Water Act 2007* (Cth), and for the avoidance of doubt includes the Pomona Irrigation Trust;

2.2.15 "**Irrigation Right**" means a right to water from an Irrigation Infrastructure Operator granted pursuant to a water entitlements contract or other such similar contract, being a water entitlement right and where not tied to a landholding within the district of the Irrigation Infrastructure Operator, shares in the Irrigation Infrastructure Operator;

2.2.16 "**Lender**" means NAB in its capacity as mortgagee of a mortgage over the Water Rights;

2.2.17 "**Lessee**" means Duxton Viticulture Pty Ltd ACN 609 424 704;

2.2.18 "**Registrar**" means:

2.2.18.1 in Victoria, the meaning provided in the *Water Act 1989*; and

2.2.18.2 in New South Wales, either or both the NSW Land and Property Information and the Irrigation Infrastructure Operator;

2.2.19 "**Shares**" means a fully paid ordinary share in the Buyer with an issue price of $1.10;

2.2.20 "**Security Interest**" has the same meaning as defined in the *Personal Property Securities Act 2009* (Cth);

2.2.21 "**Settlement**" means settlement of the sale and purchase of the Water Rights in accordance with clause 9;

2.2.22 "**Settlement Date**" means two (2) Business Days after the conditions precedent in clause 4 have been satisfied or waived;

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2.2.23 "**Supplementary Water**" means a volume of surplus water that is accessible upon announcement by an Authority on the terms of that announcement;

2.2.24 "**Term Transfer**" means the assignment, term transfer or limited term transfer of the Water Rights, or any other form of temporary transfer of the Water Rights and if such a temporary transfer is not possible, then the transfer of Water Allocation associated with the Water Rights (including directions to an Irrigation Infrastructure Operator to provide the Water Allocations associated with the Irrigation Rights to the lessee) in accordance with the terms of the Water Supply Lease;

2.2.25 "**Transfer**" means:

2.2.25.1 where the Water Rights are water shares, the transfer of those water shares from the Seller to the Buyer; and

2.2.25.2 where the Water Rights are Irrigation Rights, either the internal permanent transfer of those Water Rights from the Seller to the Buyer or the Transformation of those Water Rights to one or more water access licences held by the Buyer;

2.2.26 "**Transformation**" has the meaning in section 3 of the *Water Market Rules 2009* (Cth);

2.2.27 "**Valuation Report**" means the report prepared for the Buyer by Colliers entitled "Valuation Report Water Entitlements Southern Interconnected Murray Darling Basin" dated 29 April 2016;

2.2.28 "**Voluntary Escrow Deed**" means a voluntary escrow or restriction deed entered into by the Seller in relation to the Shares on terms acceptable to the Buyer for a period of not more than three (3) months from the first day on which the Shares commence trading on the ASX;

2.2.29 "**Water Allocation**" means the volume of water allocated by an Authority to each of the Water Rights in a Water Year and includes any Carryover Water and Supplementary Water (where applicable);

2.2.30 "**Water Broker**" means Waterfind Pty Ltd;

2.2.31 "**Water Registers**" means:

2.2.31.1 in Victoria, the Victorian Water Register; and

2.2.31.2 in New South Wales, the New South Wales Water Access Licence Register and any relevant registers maintained by the Irrigation Infrastructure Operator;

2.2.32 "**Water Rights**" means the water shares, Irrigation Rights and other water rights and interests set out in Schedule 1 and includes any current Water Allocation (where applicable) and any additional or new Water Allocation transferred pursuant to clause 12;

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2.2.33 **"Water Rights Approval Forms"** means any forms, documents and supporting information (including any current certificates) required to be submitted to an Authority to enable the Approvals to be obtained, which includes:

2.2.33.1 where the Authority is a water corporation in Victoria, *Form 1 – Application to Transfer a Water Share* or such other form under s.33X of the *Water Act 1989*;

2.2.33.2 where the Authority is the NSW Office of Water, any notification forms or other forms required by it; and

2.2.33.3 where the Authority is an Irrigation Infrastructure Operator, all documents required by the Irrigation Infrastructure Operator;

2.2.34 **"Water Rights Registration Forms"** means any forms, documents and supporting information (including documentation evidencing the Approvals and any current certificates) submitted to a Registrar in order to register the Transfer of the Water Rights on the Water Registers;

2.2.35 **"Water Rights Value"** means the value of the Water Rights as determined in the Valuation Report or any updated or subsequent report prepared by Colliers at the request of the Buyer in respect of the Water Rights;

2.2.36 **"Water Supply Lease"** means a lease or leases entered into by the Buyer and the Lessee under which the Buyer will lease back the Water Rights to the Lessee by way of Term Transfer upon such terms as are satisfactory to the Buyer and which lease or leases commence on the Settlement Date but which are not operative (in terms of the rights to use the Water Rights or the Water Allocation available under the Water Rights) until the Transfers are registered on the Water Registers and Water Rights are available to the Buyer to lease back to the Lessee; and

2.2.37 **"Water Year"** means any period of one year ending on 30 June.

3. Sale of Water Rights

Subject to the provisions of this Agreement, the Seller agrees that in consideration for the issue of the Shares to the Seller, the Seller will Transfer its rights, title and interest in the Water Rights to the Buyer at Settlement free of all Encumbrances.

4. Conditions Precedent

4.1 Settlement is conditional upon:

4.1.1 the Lender fully discharging the Encumbrances it holds over the Water Rights;

4.1.2 the Buyer entering into the Water Supply Lease with the Lessee;

4.1.3 the ASX issuing (and not withdrawing) a determination in favour of the Buyer which provides that mandatory escrow will not be applied

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by the ASX to the Shares (or any of them) under the ASX Listing Rules;

4.1.4 the Seller preparing and lodging the Water Rights Approval Forms with the Authorities and obtaining any and all Approvals required for the Transfer of the Water Rights to the Buyer on an unconditional basis or on conditions acceptable to the Buyer;

4.1.5 the Seller executing and providing to the Buyer a Voluntary Escrow Deed; and

4.1.6 settlement of the Contracts being effected by the Buyer and the Buyer issuing the shares to Duxton Vineyards Water Pty Ltd in accordance with the terms of those Contracts.

4.2 Clause 4.1.2 has been included for the benefit of all parties and may only be waived with the consent in writing of all parties.

4.3 Clauses 4.1.1, 4.1.3, 4.1.4, 4.1.5 and 4.1.6 have been included for the benefit of the Buyer and may only be waived by the Buyer.

4.4 The parties must use their best endeavours to fulfil the conditions precedent.

4.5 In complying with clauses 4.1.4 and 4.4, the Seller shall use its best endeavours to obtain all of the Approvals as soon as practicable after execution of this Agreement and will notify the Buyer promptly on obtaining each of the Approvals. If, however, the Approvals are obtained more than two (2) months prior to the anticipated Settlement Date and completion of Settlement under clause 10.3 and, as a result, pursuant to the Applicable Laws the Approvals are taken to have lapsed, the Seller is not considered to have satisfied clause 4.1.4 and is required to use best endeavours to obtain any new Approvals.

4.6 The Buyer shall do all things reasonably required of it by the Seller, the Water Broker and any Authority, including to execute the Water Rights Approval Forms or provide all necessary information, to assist the Seller in complying with its obligations under clause 4.1.4.

4.7 If the conditions precedent are not fulfilled or waived by the benefiting party on or before the Cut Off Date, then either party may end the Agreement by written notice to the other party.

4.8 If a party ends the Agreement in accordance with clause 4.7, neither party has further rights against the other party under this Agreement, except in respect of default in using best reasonable endeavours to fulfil the conditions precedent. For the avoidance of doubt, if this Agreement terminates, the Water Supply Lease will also automatically terminate.

5. **Between execution and Settlement**

5.1 From the execution of this Agreement until Settlement, the Seller must:

5.1.1 comply with all Applicable Laws, any conditions attaching to the Water Rights and any reasonable requirements of any Authority relating to the Water Rights;

5.1.2 comply with its obligations under this Agreement;

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5.1.3 keep and maintain up to date records of the Water Rights and grant the Buyer written authority to inspect any records of any Authority in relation to the Water Rights;

5.1.4 promptly give the Buyer any information reasonably requested relating to the Water Rights;

5.1.5 immediately notify the Buyer of any fact or circumstance which might reasonably be expected to materially adversely affect the Water Rights or the Seller's ability to Transfer the Water Rights to the Buyer; and

5.1.6 immediately forward to the Buyer copies of any notices, orders, accounts or requirements of any Authority in relation to or affecting the Water Rights;

5.2 From the execution of this Agreement until Settlement, the Seller must not:

5.2.1 contract or otherwise agree to Transfer the Water Rights to another person or permit any Encumbrances to be noted against the Water Rights without the prior written consent of the Buyer (other than an Encumbrance contemplated by clause 5.2.4);

5.2.2 take any action, or fail to take any action, that could prevent the Transfer of the Water Rights in accordance with this Agreement;

5.2.3 do anything that will materially adversely affect the Water Rights or the Seller's ability to Transfer the Water Rights to the Buyer; and

5.2.4 oppose or take any steps to prevent the registration or notation of any Encumbrance against the Water Rights in favour of the Buyer protecting the Buyer's interest in the Water Rights under this Agreement.

5.3 The Seller must immediately notify the Buyer in writing of any non-compliance with this clause 5.

6. Outgoings, fees and charges

6.1 The Seller must pay all:

6.1.1 outgoings in relation to the Water Rights for the period up to and including the Settlement Date, including all fees and charges in relation to the delivery and usage of water; and

6.1.2 fees associated with discharging any Encumbrances over the Water Rights prior to Settlement.

6.2 The Buyer must pay all:

6.2.1 outgoings in relation to the Water Rights for the period on and from Settlement;

6.2.2 fees associated with lodging the Water Rights Approval Forms or otherwise incurred in obtaining the Approvals;

6.2.3 fees associated with lodging the Water Rights Registration Forms or otherwise incurred registering the Transfers on the Water Registers; and

6.2.4 any other fees otherwise required to effect the Transfer of the Water Rights.

6.3 If a party must under the Applicable Laws pay for an outgoing or fee which the other party is responsible under this clause 6, that party must pay the amount and the other party shall reimburse that party within 14 Business Days of written request (which request must include evidence confirming payment by the first party).

7. Water Rights Value

7.1 The parties agree that the Water Rights Value is the purchase price payable by the Buyer for the Water Rights and:

7.1.1 will be the consideration for the purposes of the settlement adjustment sheet referred to in clause 8 and completion of the Water Rights Approval Forms and the Water Rights Registration Forms respectively;

7.1.2 will be the basis for calculating the number of Shares issued to the Seller at Settlement on a $1.10 per share basis; and

7.1.3 is final and binding on the parties.

8. Adjustment

Before Settlement, the Buyer must deliver a settlement adjustment sheet to the Seller which has been prepared consistent with clause 6 and clause 7 of this Agreement.

9 Settlement

Settlement takes place on the Settlement Date at the offices of the Buyer in South Australia or as the parties may otherwise agree.

10. Settlement procedure

10.1 At Settlement the Seller must deliver to the Buyer, in registrable form (where applicable):

10.1.1 originals of all Approvals obtained from the Authorities approving the Transfer of the Water Rights to the Buyer;

10.1.2 copies of any records relating to the Water Rights as reasonably required by the Buyer;

10.1.3 all original completed and duly executed Water Rights Registration Forms capable (upon payment of the relevant fees) of registration with the Registrars to enable registration of the Water Rights on the Water Registers without further amendment or supplementation;

10.1.4 discharges of any and all Encumbrances over the Water Rights;

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10.1.5 the originals of the duly executed Water Supply Lease; and

10.1.6 the originals of the duly executed Voluntary Escrow Deed.

10.2 At Settlement, the Buyer must:

10.2.1 allot and issue to the Seller such number of Shares that equates to 100% of the Water Rights Value, enter the Seller into the Buyer's share register and give the Seller a share certificate or holding statement for the Shares; and

10.2.2 pay any amount payable by way of adjustment to outgoings set out in the settlement adjustment sheet referred to in clause 8 in cash and by such payment method agreed by the parties.

10.3 For the avoidance of doubt, the Buyer will register or procure the registration of the Water Rights Registration Forms with the relevant Water Registers as soon as possible after Settlement.

11. Title, possession and risk

11.1 To the extent permitted by all Applicable Laws, title in the Water Rights passes from the Seller to the Buyer at Settlement.

11.2 Risk in the Water Rights passes from the Seller to the Buyer at settlement.

12. Transfer of Water Allocation

If after Settlement, but prior to registration of the Water Rights Registration Forms on the Water Registers, an Authority announces an additional Water Allocation in relation to the Water Rights for the current Water Year, or announces a new Water Allocation in respect of a new Water Year, the Seller must as soon as practicable transfer that Water Allocation to the Buyer at no charge (other than any fees payable in respect of an application to transfer the Water Allocation, which fees shall be borne by the Buyer).

13. Due Diligence

13.1 The Buyer agrees that it has independently investigated and evaluated the Water Rights.

13.2 The Buyer represents that it is capable of evaluating the merits and risks associated with the purchase of the Water Rights.

13.3 The Buyer does not rely on any information provided by or on behalf of the Seller in investigations or negotiations leading to this Agreement.

13.4 The Buyer acknowledges and agrees that the Buyer purchases the Water Rights on an 'as is where is' basis as at the date of the Agreement including:

13.4.1 the volume of Water Allocation which remains available in respect of any of the Water Rights (acknowledging that for the 2015/2016 Water Year the Water Allocation associated with the Water Rights has been exhausted); and

13.4.2 the state and condition of the water associated with the Water Rights.

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13.5 Without limiting any other rights under this Agreement, the Buyer cannot terminate this Agreement, make any claims for compensation, damage or any other loss as a result of any loss, claim or damage arising which is inconsistent with the Buyer's acknowledgements in clause 13.4.

14. Warranties

14.1 Each of the Seller and the Buyer represents and warrants that:

14.1.1 it is a corporation validly existing under the laws of the state in which it was incorporated;

14.1.2 it has not committed or become the subject of an Insolvency Event; and

14.1.3 this Agreement is a valid and binding obligation enforceable against it in accordance with its terms.

14.2 As at the date of this Agreement, the Seller warrants that:

14.2.1 the Seller is the sole owner of the Water Rights;

14.2.2 the Seller has the full right and power to enter into this Agreement, to Transfer the Water Rights to the Buyer and to carry out the transactions contemplated by this Agreement;

14.2.3 the Seller has good and marketable title to the Water Rights;

14.2.4 the Seller has not entered into any other contract or commitment to dispose, Transfer or otherwise deal with the Water Rights;

14.2.5 at the completion of Settlement, the Water Rights will not be subject to any Encumbrance;

14.2.6 the Seller is not aware of any fact or circumstance which might reasonably be expected to materially adversely affect the Water Rights or the Seller's ability to Transfer the legal interest in the Water Rights to the Buyer;

14.2.7 the Seller is not aware of any current or threatened claims, proceedings, orders or notices affecting the Water Rights;

14.2.8 the Seller has complied with all requirements of any Authority in relation to the Water Rights;

14.2.9 the Seller has complied will all Applicable Laws; and

14.2.10 this Agreement and each transaction contemplated by it does not contravene or breach the Applicable Laws, any conditions of the Water Rights or the requirements of any Authority;

14.3 At Settlement, the Seller is deemed to repeat each warranty by the Seller and the Buyer is deemed to have accepted each warranty by the Seller.

14.4 A warranty in this document does not merge on Settlement but continues to operate thereafter.

15. **Indemnity by Seller**

The Seller indemnifies and will keep indemnified the Buyer from and against all actions, claims or causes of action (including in contract, tort or under statute), demands, losses, liabilities, damages, costs and expenses which the Buyer pays, suffers, incurs or is liable in respect of any warranty by the Seller under this Agreement being untrue, inaccurate or in any way misleading or deceptive or likely to mislead or deceive.

16. **Party as a Trustee**

16.1 **Capacity**

If any party (**Trustee**) enters into this Agreement in the capacity as trustee of any trust (**Trust**) under any trust deed, deed of settlement or other instrument (**Trust Deed**), and whether or not any other party has notice of the Trust, then the Trustee enters into this agreement as trustee of the Trust only.

16.2 **Trustee's warranties**

The Trustee represents and warrants that:

16.2.1 the Trustee has power under the Trust Deed and, in the case of a corporation, under its constitution, to enter into and execute this Agreement and to perform the obligations imposed under this Agreement as trustee;

16.2.2 all necessary resolutions have been passed as required by the Trust Deed and, in the case of a corporate Trustee, by its constitution, in order to make this agreement fully binding on the Trustee;

16.2.3 the execution of this Agreement is for the benefit of the Trust;

16.2.4 the Trustee is not in default under the Trust Deed; and

16.2.5 there is no material fact or circumstance relating to the assets, matters or affairs of the Trust that might, if disclosed, be expected to affect the decision of the other parties, acting reasonably, to enter into this agreement.

17. **Termination**

17.1 **Prior to Settlement**

17.1.1 The Buyer may terminate this Agreement at any time before Settlement by notice in writing to the Seller if:

17.1.1.1 the Seller commits or becomes the subject of an Insolvency Event;

17.1.1.2 the Seller commits a material breach of this Agreement other than solely due to the default of the Buyer, which is not capable of remedy; or

17.1.1.3 the Seller commits a material breach of this Agreement, other than solely due to the default of the Buyer, which is capable of remedy and is not remedied within 14

Business Days after notice requiring it to be remedied is given to the Sellers.

17.1.2 The Seller may terminate this Agreement at any time before Settlement by notice in writing to the Buyer if:

17.1.2.1 the Buyer commits or becomes the subject of an Insolvency Event;

17.1.2.2 the Buyer commits a material breach of this Agreement other than solely due to the default of the Seller, which is not capable of remedy; or

17.1.2.3 the Buyer commits a material breach of this Agreement, other than solely due to the default of the Seller, which is capable of remedy and is not remedied within 14 Business Days after notice requiring it to be remedied is given to the Buyer.

17.2 **Accrued Rights**

Termination of this Agreement at any time will otherwise not affect any rights or remedies which have arisen on or before termination.

18. **GST**

18.1 The parties acknowledge and agree that the supply made pursuant to this Agreement:

18.1.1 is a supply of water that is GST-free in accordance with GSTR 2000/25 ;

18.1.2 any amount payable under this Agreement in respect of the taxable supply ("**Payment**") is exclusive of GST; and

18.1.3 if a supply under this Agreement is, in fact, not GST-free the Seller may, in addition to the Payment but subject to the Seller providing to the Buyer a tax invoice, recover from the Buyer (and the Buyer must pay or reimburse the Seller) an additional amount on account of GST, such additional amount to be calculated in accordance with the GST Law and to be paid by the Buyer at or before Settlement or at any time thereafter nominated by the Seller (the Seller having given to the Buyer a tax invoice not less than seven (7) days before Settlement or the nominated date for payment).

18.2 This clause shall survive Settlement and any termination of this Agreement by any party to this Agreement.

19. **Confidentiality and Announcement**

Each party must treat the existence and terms of this Agreement as confidential and no announcement or communication relating to the negotiations of the parties or to the existence, subject matter or terms of this Agreement may be made or authorised by a party unless:

19.1 the other party has first given their written approval;

19.2 the disclosure is to the party's employees, consultants, professional advisers, bankers, financial advisers or financiers or to a person whose consent is required under this Agreement or for a transaction contemplated by it and those persons undertake to keep confidential any information so disclosed; or

19.3 the disclosure is:

19.3.1 made to the extent reasonably needed to comply with any Applicable Laws or requirement of any court, Government agency, Authority or regulatory body;

19.3.2 the disclosing party promptly gives notice of its intended disclosure to, and consults with, the other party to the extent practicable; and

19.3.3 the disclosing party uses its reasonable endeavours consistent with its obligations to minimise any such disclosure and to ensure that any confidential information so disclosed will be treated confidentially.

20. **Authority to complete**

The Buyer and the Seller each unconditionally authorise the Water Broker to complete on their behalf the Water Rights Approval Forms and the Water Rights Registration Forms, and to rectify any errors or omissions in relation to those forms.

21. **Governing law**

This Agreement is governed by the laws applicable to the location of the Water Right. Each party irrevocably and unconditionally submits to the exclusive jurisdiction of the courts of that state and the courts of appeal from them in respect of all matters arising under or relating to this Agreement.

22. **Non-merger**

The terms of this Agreement will not merge upon Settlement but will continue in full force.

23. **Further assurances**

The parties will promptly do everything necessary or desirable even if not expressly stated in this Agreement, to ensure that the terms of this Agreement are fully carried into effect.

24. **Entire agreement**

This Agreement contains the entire agreement between the parties in respect of the subject matter of this Agreement.

25. **Amendments**

Any amendment to a term of this Agreement must be made in writing executed by the parties or duly authorised officers on behalf of the parties.

26. **Severability**

Every provision of this Agreement will be deemed severable as far as possible from the other provisions of this Agreement. If any provision is found to be void, illegal or

unenforceable for any reason, it will be deemed to be severed and omitted from this Agreement. This Agreement with the offending provision severed and omitted and with any consequential amendment if necessary, will otherwise remain in full force.

27. **Notices**

Any notice to be given by a party must be signed by the party giving the notice or by one of its officers or its duly authorised lawyer or agent and must be hand delivered or sent by prepaid post or sent by facsimile or electronic mail to the recipient parties at the address, facsimile number or electronic mail address (as the case may be) as set out in this Agreement (or any other address, facsimile number or electronic mail address that a party may notify to the others) and will be deemed sufficiently given:

27.1 in the case of hand delivery, on the date of delivery;

27.2 in the case of prepaid post, four (4) Business Days after being sent by prepaid post;

27.3 in the case of facsimile, on receipt by the sender of a successful transmission answerback; or

27.4 in the case of electronic mail, on the day of transmission provided that the sender can give evidence of transmission and the intended recipient does not give evidence of non-receipt.

28. **Assignment**

This Agreement is personal to the parties and no party will assign its rights or obligations under this Agreement wholly or in part without the other parties' consent.

29. **Counterparts and effectiveness**

29.1 This Agreement may be executed in any number of counterparts and all counterparts taken together will constitute one and the same instrument. Satisfactory evidence of execution of this Agreement will include evidence of execution sent by facsimile or electronic transmission by the relevant party and in such case, the executing party undertakes to produce the original as soon as reasonably practicable thereafter.

29.2 This Agreement will only come into effect and be binding on the parties when it is duly executed by all parties.

30. **Costs**

30.1 Each party pays its own costs in relation to the preparation, negotiation and execution of this Agreement.

30.2 If stamp duty is payable in relation to the Transfer of the Water Rights, the Buyer will duly attend to stamping of and will pay any stamp duty assessable to this Agreement, the Water Rights Approval Forms or the Water Rights Registration Forms.

30.3 A party that breaches this Agreement will pay all costs incurred by the other party in consequence of that breach but without limit to any other rights or remedies which the party not in breach may have as a result of that breach.

EXECUTED as an Agreement.

EXECUTED by **DUXTON VINEYARDS PTY LTD** ACN 608 763 515 in accordance with Section 127(1) of the *Corporations Act 2001* (Cth):

*Director/*Sole Director and Sole Secretary

Edwards Peter
Print Full Name

*Director/*Secretary

Mark Allen
Print Full Name

(*please delete the inapplicable title)
(Note: please affix common seal if required by the Company's Constitution)

EXECUTED by **DUXTON WATER LTD** ACN 611 976 517 in accordance with Section 127(1) of the *Corporations Act 2001* (Cth):

*Director/Sole Director and Sole Secretary

Peter Michell
Print Full Name

*Director/*Secretary

Tom Geary
Print Full Name

(*please delete the inapplicable title)
(Note: please affix common seal if required by the Company's Constitution)

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SCHEDULE 1 – WATER RIGHTS

Description of Water Right	Category of Water Right	Holder of Water Right	Volume (ML)
Zone 7 Victorian Murray Regulated River			
WEE035396	High Reliability	Duxton Vineyards Pty Ltd	1,062.00
Zone 11 New South Wales Murrumbidgee Regulated River			
Share in WAL7727 held by Pomona Irrigation Trust (Certificate no. 014cDux HS)	High Security	Duxton Vineyards Pty Ltd	201.15
Share in WAL7728 held by Pomona Irrigation trust (Certificate no. 114cDux GS)	General Security	Duxton Vineyards Pty Ltd	20.41
Total			**1,283.56**

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Water Lease

TALBOTSAYER

Water Lease

Date

Parties

Name	Duxton Water Ltd
ACN	611 976 517
Short form name	**Lessor**
Notice details	c/o Max Toovey, 7 Pomona Road, Stirling SA, 5152
Notice email	Max.toovey@duxtonam.com

Name	Duxton Viticulture Pty Ltd
ACN	609 424 704
Short form name	**Lessee**
Notice details	c/o Max Toovey, 7 Pomona Road, Stirling SA, 5152
Notice email	Max.toovey@duxtonam.com

Reference Schedule

1.	Commencement Date		On Settlement of sale agreement entered into between the parties in July 2016 for the sale of the Water Entitlements (as that term is defined in the sale agreement)
2.	Expiry Date		30 June 2023
3.	Rent		$224,274.18 per annum
4.	Payment Period		Quarterly
5.	Bank Guarantee		Nil
6.	Water Entitlements		
7.	Option	Term	5 years
		Percentage	6% of Current Market Value
8.	Territory		New South Wales and Victoria

Identifier	Area	Volume (ML)	Priority	Authority
WEE035396	Zone 7	1,062	High Reliability	
WAL7727	Zone 11	201.15	High Security	
WAL7728	Zone 11	20.41	General Security	

TALBOTSAYER

Agreed terms

1. Grant of Lease

The Lessor grants to the Lessee the rights set out in this Lease for the Term. The Lessee acknowledges that:

(a) this Lease grants to the Lessee exclusive use and benefit of the Water Entitlements during the Term; and

(b) at the End of the Term, the Lessee will have no rights or claims concerning this Lease or the Water Entitlements.

2. Term and Commencement

(a) The Term commences on the Commencement Date and expires on the Expiry Date subject to the provisions of this Lease.

(b) The Expiry Date is the date stated in Item 2 of the Reference Schedule, unless varied by clause 13.

3. Rent

3.1 Rent

(a) The Rent is specified in Item 3 of the Reference Schedule.

(b) The Rent for each Water Year will be apportioned equally between each Payment Period which forms part of that Water Year.

(c) If necessary, the Rent for the first and last Payment Periods will be apportioned on a daily basis.

(d) The Lessee must pay the portion of the Rent attributable to each Payment Period to the Lessor by the last Business Day before the first day of each Payment Period.

(e) If the Lessee does not make a payment on time, then it must pay to the Lessor, on demand, interest on the unpaid Rent calculated on daily balances at the Default Interest Rate.

3.2 Payment of Rent is an unconditional obligation

The Lessee must pay the Rent in accordance with the Lease, whether or not:

(a) the Lessee actually takes or uses or has access to any water available under the Water Entitlements or Water Allocations; or

(b) there is any volume of water available under the Water Entitlements or the Water Allocations in any given Water Year or Payment Period.

3.3 Costs and Outgoings

The Lessor and Lessee shall each pay their own costs relating to this Lease. However, the Lessee shall pay to the Lessor on demand:

(a) all costs or fees associated with the registration or revocation of any Term Transfers of the Water Entitlements, or the assignment or transfer of any Water Allocations, which are required or authorised by this Lease;

(b) all Outgoings which the Lessor is liable to pay, and in the last year of the Term, the Lessor's reasonable estimate of any Outgoings which will be payable up to the end of the Term;

(c) all duty on or arising from this Lease or any transaction required under this Lease (including penalties and fines, other than penalties and fines due to the default of the Lessor); and

(d) all the Lessor's legal costs, reasonable administration costs and other costs (on a full indemnity basis) for:

(i) the default by the Lessee in observing or performing any obligations contained or implied in this Lease;

(ii) any application for consent required under this Lease (whether or not the consent is given);

(iii) any proposed assignment of, or other dealing with this Lease (whether or not the assignment or other dealing occurs); and

(iv) any surrender or termination of this Lease prior to the Expiry Date.

3.4 No set-off or counter-claim

The Lessee's obligations to pay Rent and any other payments required under this Lease are absolute and unconditional. The Lessee shall not abate, set-off, reduce or make any counter-claim against Rent or other payments owing under this Lease.

4. Benefit of Water Entitlements

4.1 Term Transfer

Where the Water Entitlements and Water Regulations permit a Term Transfer of the Water Entitlements, for each Water Year of the Term:

(a) once the Lessee has paid the Rent for the first Payment Period of the Water Year, the parties must use all reasonable endeavours to promptly complete, execute and lodge all necessary forms in advance of the commencement of that Water Year to facilitate the Term Transfer of the Water Entitlements for that Water Year; and

(b) if any Term Transfer under clause 4.1(a) did not come into effect until after the commencement of that Water Year, the parties must use all reasonable endeavours to promptly complete, execute and lodge all necessary forms to transfer any Water Allocations which were issued to the Lessor's account for that Water Year to the Lessee's account.

4.2 Where Term Transfer not possible

Where the nature of the Water Entitlements or Water Regulations is such that a Term Transfer of the Water Entitlements is not possible, then subject to the Lessee not being in breach of any of its obligations under this Lease, the parties must use all reasonable endeavours to complete, execute and lodge all necessary forms to assign or otherwise transfer any Water Allocations to the Lessee promptly after they are declared.

5. Bank guarantee – Not applicable

6. Use of Water

6.1 Statutory Framework for Lease

The Lessor and the Lessee acknowledge that the performance of this Lease and the rights and obligations under this Lease are governed by, and subject to, the following:

(a) the Water Regulations; and

(b) the conditions on the Water Entitlements.

6.2 No Warranty by Lessor

The Lessee acknowledges and agrees with the Lessor that (otherwise than as is expressly contained in this Lease) no promise, representation, warranty or undertaking has been given by or on behalf of the Lessor:

(a) that the volume of the Water Entitlements (or any part of it) will be declared or available to the Lessee;

(b) about the quality of water or management of water within the Regulated Area;

(c) about the manner of storage or release of water in the Regulated Area; or

(d) that water within the Regulated Area or available under the Water Entitlements is potable or suitable for any purpose (whether or not it is a purpose to which Lessor knows the Lessee may put the water).

6.3 Compliance with Laws and requirements

The Lessee must:

(a) comply with and observe at the Lessee's cost all Laws and requirements of Authorities relating to or affecting the Water Entitlements or Water Allocations, including the Water Regulations, whether or not those Laws or requirements are addressed to or required to be complied with by either or both of Lessor and the Lessee or by any other person;

(b) immediately provide a complete copy to the Lessor of any requirements of Authorities notified to or served on the Lessee concerning the Water Entitlements;

(c) obtain, maintain, comply with and observe at the Lessee's cost all consents, licences or approvals from all Authorities which may from time to time be necessary or appropriate for the Lessee's business and/or the Lessee's use of water under the Water Allocations; and

(d) not, by any act or omission, cause or permit any event or circumstance to occur which will or could lead to the forfeiture of or any change to the Water Entitlements which would adversely affect the Lessor.

6.4 Lessor's rights if Lessee fails to comply

The Lessor may (without prejudice to any of the Lessor's other rights for non compliance) elect, at the Lessee's cost, to comply either wholly or partly with any Laws or requirements which the Lessee is required to comply with and observe under this Lease, including where the Lessee fails to comply within the appropriate time with any of the Lessee's obligations.

7. Assignment or dealings

7.1 No disposal of Lessee's interest

(a) The Lessee shall not (and shall not commence or attempt to) assign, grant any rights over or otherwise transfer, dispose of or deal with this Lease, the Water Entitlements or any part of them, unless the Lessee has obtained the Lessor's consent, which the Lessor may withhold at its absolute discretion.

(b) For the avoidance of doubt, nothing in this Lease shall limit the Lessee's ability to assign, grant any rights over or otherwise transfer, dispose of or deal with any Water Allocations which have been transferred to the Lessee's account.

7.2 Change in corporate ownership

If the Lessee is a corporation, any change in the shareholding or composition of the board of directors altering the Control of one half or greater of the shares of the corporation is deemed an assignment of this Lease which requires the Lessor's consent, which the Lessor may withhold at its absolute discretion.

7.3 Mortgaging Lessee's interest in Water Entitlements

The Lessee shall not mortgage, charge or otherwise encumber this Lease or the Lessee's interest in this Lease or the Water Entitlements without first obtaining the written consent of the Lessor, which consent shall not be unreasonably withheld where the credit provider (for the Lessee) enters into an agreement with the Lessor upon terms and conditions satisfactory to the Lessor.

7.4 Caveat

The Lessee will not lodge, and will not allow the lodgement of, any caveat over or in respect of the Water Entitlements.

7.5 Assignment by the Lessor

The Lessor may assign its rights and obligations under this Lease to any person.

8. Exclusion of Lessor's Liability

8.1 Risk and Release of Lessee

The Lessee acknowledges and agrees that this Lease relates to the Water Entitlements and therefore:

(a) the rights of the Lessee to take water under the Water Entitlements is subject to the Water Regulations, the terms and conditions of which may change from time to time;

(b) during the Term, the Water Entitlements shall be at the sole risk of the Lessee and the Lessee bears the risks of changes to the Water Regulations or the conditions applying to the Water Entitlements; and

(c) the Lessee, to the full extent permitted by law, releases the Lessor and its agents, employees, managers and contractors from and they will not be liable for any Claim that the Lessee or any person in any way involved in taking or using water available under this Lease or any person claiming by, through or under the Lessee may incur or make or any which arises from:

(i) the availability or non availability of any water to be taken under the Water Entitlements or Water Allocations for any reason;

(ii) any inability on the part of the Lessee, for any reason at all other than default by the Lessor under this Lease, to exercise any rights to take water available under the Water Entitlements or Water Entitlements;

(iii) any changes to the Water Regulations or the conditions applying to the Water Entitlements;

(iv) any change in Law; and

(v) any matter for which the Lessor makes no promise or representation or gives no warranty or undertaking under this Lease or for which the Lessee has disclaimed the benefits of any promise, representation, warranty or undertaking by the Lessor.

8.2 Indemnity

The Lessee indemnifies and shall keep indemnified the Lessor and its agents, employees, managers and contractors against all Claims for which they shall or may be or become liable, whether during or after the Term, for, arising from or contributed to by any act, neglect, default or omission of the Lessee or any person in any way involved in the taking or use of any water under the Water Entitlements or any other person claiming through or under the Lessee.

9. Default and termination

9.1 Events of Default

An event of default shall have occurred (**Event of Default**) where:

(a) any Rent, interest or any other amount or any part of it payable by the Lessee under this Lease remains unpaid for a period exceeding 14 days, whether or not formal or legal demand for payment has been made;

(b) the Lessee or some person on behalf of the Lessee has given notice to the Lessor or a person on behalf of the Lessor that any Rent, interest or any other amount payable by the Lessee under this Lease will not be paid or will not be paid in full within 14 days of becoming due;

(c) contrary to the provisions of this Lease:

(i) the Lessee assigns, charges, grants any right over or otherwise disposes or deals with this Lease or the Water Entitlements or any part of them; or

(ii) an event occurs for the corporate ownership of the Lessee which this Lease deems to be a breach of the Lessee's obligation not to assign its interest in this Lease;

(d) the Lessee becomes affected by an Insolvency Event;

(e) the Lessee dies or becomes of unsound mind or their estate is liable to be dealt with in any way under the laws relating to mental health; or

(f) the Lessee breaches a provision of this Lease and has not remedied that breach within 14 days of service of notice of the breach from the Lessor.

9.2 Termination of Lease

If an Event of Default has occurred, the Lessor may, without prejudice to any other Claim which the Lessor has or may have or could otherwise have against the Lessee, any guarantor or any other person for that Event of Default, at any subsequent time do any one or more of the following:

(a) revoke any Term Transfer and take and deal with the Water Entitlements;

(b) terminate this Lease; or

(c) recover from the Lessee any loss suffered by the Lessor as a result of the Lessee's default.

9.3 Damages for breach of essential conditions

(a) The parties agree that if any of the events referred to in clauses 9.1(a), 9.1(b), 9.1(c), or 9.1(d) occur, there shall have been a breach by the Lessee of a fundamental and essential condition in this Lease, amounting to a repudiation of this Lease by the Lessee.

(b) In addition to the rights of action and remedies of the Lessor referred to in this clause or otherwise, where the Lessor has determined this Lease upon a breach by the Lessee of a fundamental and essential condition in this Lease having occurred, the Lessee shall pay to the Lessor the difference between all Rent and other money payable by the Lessee for the balance of the Term had it not been determined and the amount (if any) which the Lessor does receive or reasonably anticipates (at the time when the Lessor makes a claim for damages under this sub clause or, if litigation proceeds to judgment in favour of the Lessor, at the time of the judgment) that it will receive during the period of the balance of the Term from other lessees of the Water Entitlements.

9.4 Lessor may rectify

The Lessor may, but shall not be obliged to, remedy at any time without notice any default by the Lessee under this Lease, and all reasonable costs incurred by the Lessor (including, without limitation, legal costs) in remedying a default shall constitute a liquidated debt owed by the Lessee to the Lessor and shall be paid by the Lessee to the Lessor on demand.

9.5 Benefit of Lessee's obligations

If any person other than the Lessor becomes entitled to receive the Rent either by operation of law or otherwise:

(a) that person shall have the benefit of all obligations on the part of the Lessee under this Lease; and

(b) the Lessee at the cost of the Lessor shall enter into any document with that other person in this regard which the Lessor may reasonably require.

10. Carryover and residual water

10.1 Carryover water

(a) Where any of the Water Allocations are entitled to be carried over to the next Water Year, the Lessee must not relinquish any of those Water Allocations unless it has first given written notice to the Lessor of its intention to do so, and the volume of the Water Allocations that it will be relinquishing, at least 20 Business Days before the end of the Water Year.

(b) If the Lessor receives a notice under clause 10.1(a), the Lessor may, within 10 Business Days of receiving the notice, give the Lessee a written notice requiring that the Lessee transfer the Water Allocations that the Lessee notified it intended to relinquish to an account nominated by the Lessor before the end of the Water Year. Notwithstanding anything else within this document, all fees payable to Authorities relating to the transfer of these Water Allocations to the Lessor are to be borne by the Lessor.

10.2 Residual water where Lease is terminated due to Lessee's default

(a) If this Lease is terminated due to any breach or default by the Lessee, any unused Water Allocations at the date of the termination of this Lease (**Residual Water**) will become the property of the Lessor. If any other water allocations have been made to the Lessee's account as a result of water entitlements other than the Water Entitlements (**External Water Allocations**), the Lessee will be considered to have exhausted the allocations from the External Water Allocations first.

(b) The Lessee must do anything and execute any document necessary to transfer any Residual Water to an account nominated by the Lessor.

11. Power of Attorney

11.1 Persons appointed as Lessee's attorney

The Lessee irrevocably appoints the Lessor and each director of the Lessor, jointly and each of them severally, to be the attorney of the Lessee to:

(a) where the Law requires the Lease or any dealing related to the Water Entitlements to be recorded in a register, to sign a document in registrable form on the same terms and conditions contained in this Lease subject to any modifications required by Law, including the form of the document; and

(b) act, after the power to forfeit or terminate contained in this Lease shall have become exercisable (sufficient proof of which shall be a statutory declaration to that effect by or on behalf of the Lessor), to execute (where applicable):

(i) a surrender of any Term Transfer of the Water Entitlements;

(ii) an assignment, transfer, or trade of any Residual Water; and

(iii) any other document necessary to return complete legal and beneficial ownership in the Water Entitlements and Residual Water to the Lessor.

11.2 Lessee ratifies and confirms

The Lessee promises in favour of the Lessor and any attorney of the Lessee under this clause to:

(a) ratify and confirm whatever the attorney appointed under this Lease shall lawfully do or cause to be done for the Water Entitlements or this Lease; and

(b) pay to the Lessor on demand the amount of any costs or other liabilities incurred by or on behalf of the Lessor or the attorney appointed under this Lease in the exercise of the powers referred to in this clause.

11.3 Unpaid costs

If the Lessee does not pay to the Lessor on demand the amount of any costs or other liabilities incurred by or on behalf of the Lessor or any attorney appointed under this Lease in the exercise of the powers referred to in this clause, the provisions of this Lease relating to the payment of interest on unpaid Rent shall apply for that unpaid amount from the date of demand until payment is made to the Lessor.

12. GST

12.1 Definitions

Any terms capitalised in this clause 12 and not already defined in clause 17.1 have the same meaning given to those terms in the GST Act.

12.2 GST exclusive

Except under this clause 12, the consideration for a Supply made under or in connection with this document does not include GST.

12.3 Taxable Supply

If a Supply made under or in connection with this document is a Taxable Supply, then at or before the time any part of the consideration for the Supply is payable:

(a) the Recipient must pay the Supplier an amount equal to the total GST for the Supply, in addition to and in the same manner as the consideration otherwise payable under this document for that Supply; and

(b) the Supplier must give the Recipient a Tax Invoice for the Supply.

12.4 Later GST change

For the avoidance of doubt, the GST payable under clause 12.3 is correspondingly increased or decreased by any subsequent adjustment to the amount of GST for the Supply for which the Supplier is liable, however caused.

13. Option to extend the Term

13.1 Grant of option

If an Option Term is specified in the Item 7 of the Reference Schedule, the Lessor grants the Lessee the option to extend the Term for the Option Term on the terms set out in this clause 13.

13.2 Option to extend the Term

(a) If the Lessee wishes to exercise its option to extend the Term, it must notify the Lessor in writing no more than six and no less than four months before the Expiry Date that it wishes the Lessor to determine the Current Market Rent.

(b) If the Lessor receives notice under clause 13.2(a), the Lessor must determine the Current Market Value of the Water Entitlements and give the Lessee written notice of the Current Market Rent of the Water Entitlements at least three months before the Expiry Date.

13.3 Exercise of Option

(a) The Lessee may exercise its option to extend the Term by giving the Lessor, within 20 Business Days of receiving a notice from the Lessor under clause 13.2(b), a written notice that the Lessee wishes to exercise its option to extend the Term.

(b) If the Lessee exercises its option to extend the Term in accordance with clause 13.3(a), any notice issued under clause 13.2(a) lapses, and the Lessee will not be entitled to exercise any option to purchase under clause 14 until the final six months of the extended Term.

13.4 Variations if option to extend the Term is exercised

If the Lessee exercises the option to extend the Term for the Option Term, the terms and conditions of the Lease will remain the same, save for:

(a) the Rent for the period commencing at the start of the Option Term will be varied to be the Current Market Rent determined by the Lessor in accordance with clause 13.2(a);

(b) the Expiry Date will be varied to the end of the Option Term; and

(c) this clause will be deleted.

14. Option to purchase

14.1 Grant of option

The Lessor grants the Lessee the option to purchase the Water Entitlements free from encumbrances on the terms set out in this clause 14.

14.2 Option to purchase

(a) If the Lessee wishes to exercise its option to purchase the Water Entitlements, it must notify the Lessor in writing no more than six and no less than four months before the Expiry Date that it wishes to exercise the option to purchase and Current Market Value will be determined accordance with clause 14.2(b) below.

(b) If the Lessor receives notice under clause 14.2(a), the parties must take all action necessary to determine the Current Market Value of the Water Entitlements and give the Lessee written notice of the Current Market Value of the Water Entitlements at least three months before the Expiry Date

14.3 Exercise of option

(a) The Lessee may exercise its option to purchase the Water Entitlements by giving the Lessor, within 20 Business Days of receiving a notice from the Lessor under clause 14.2(b):

(i) written notice that the Lessee wishes to exercise its option to purchase the Water Entitlements;

(ii) the Water Sale Agreement (in duplicate), duly completed and executed by the Lessee, with:

(A) the purchase price inserted to be the Current Market Value; and

(B) the effective date inserted to be the date after the Expiry Date; and

(iii) a bank cheque for the deposit under the Water Sale Agreement, being 10% of the Current Market Value.

(b) If the Lessee validly exercise the option to purchase the Water Entitlements, the Lessor must complete and otherwise execute the accompanying Water Sale Agreement in duplicate and deliver one copy of the executed Water Sale Agreement to the Lessee within 5 Business Days.

(c) If there has been a change in law or a change relating to the identification or nature of the Water Entitlements since the date of this Lease that would make the Water Sale Agreement unenforceable or ineffective to convey the Water Entitlements, the parties must use their best endeavours to make any necessary amendments to the Water Sale Agreement in order to ensure that it is enforceable and effective to convey the Water Entitlements.

(d) If the Lessee exercises its option to purchase the Water Entitlements in accordance with clause 14.3(a), any notice issued under clause 13.2(b) lapses, and the Lessee will not be entitled to exercise any outstanding option to extend the Term under clause 13.

15. Right of First Refusal

(a) Should the Lessee have not have exercised their option to renew and/or their option to purchase under clauses 13 and 14 above then the Lessor covenants with the Lessee not to sell or lease or agree to sell or lease the Water Entitlements to any person other than the Lessee unless:

(i) the Lessor has first offered in writing to sell or lease the Water Entitlements to the Lessee at a price not greater than the price at which the Water Entitlements are actually sold or leased or agreed to be sold or leased and upon terms as to payment that are otherwise not less favourable to the Lessee than the terms upon which the said Water Entitlements are actually sold or leased or agreed to be sold or leased, and the Lessee has not accepted that offer within fourteen days after receipt of that offer;

(ii) the Lessee has rejected an option to extend the Term of the Lease for the Current Market Rent under clause 13, and the Lessee leases the Water Entitlements on terms no more favourable than those rejected by the Lessee;

(iii) the Lessee has rejected an option to purchase the Water Entitlements for the Current Market Value under clause 14, and the Lessor sells the Water Entitlements on terms no more favourable than those rejected by the Lessee; or

(iv) the Lessor sells the Water Entitlements by public auction after notifying the Lessee of the time and location of the public auction.

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(b) Nothing in this covenant shall be construed as prohibiting the Lessor from entering into a contract to sell or lease the Water Entitlements to any person conditionally upon the Lessee's rejection of any offer of sale or lease or both of the Water Entitlements made in accordance with this condition.

(c) This clause shall apply during the term of this Lease and for a period of six months after the Expiry Date of this Lease or any lease entered after the exercise of any option to renew.

16. General

16.1 Lessor's obligations

Every obligation on the part of the Lessor, shall bind the Lessor or any successor or assignee only during the periods when it is entitled to receive the Rent.

16.2 Consent of the Lessor

Unless this Lease otherwise requires, where the Lessor has a discretion or its consent or approval is required for anything, the Lessor shall be entitled to withhold or delay its decision, consent or approval without giving any reason.

16.3 Amendments

This Lease may only be amended by written agreement between all parties.

16.4 Counterparts

This document may be signed in any number of counterparts. All counterparts together make one instrument.

16.5 No merger

The rights and obligations of the parties under this document do not merge on completion of any transaction contemplated by this document.

16.6 Entire agreement

(a) This document supersedes all previous agreements about their subject matter and embodies the entire agreement between the parties.

(b) To the extent permitted by law, any statement, representation, term, warranty, condition, promise or undertaking made, given or agreed to in any manner, has no effect except to the extent expressly set out or incorporated by reference in this document.

16.7 Further assurances

Each party must take all steps, execute all documents and do everything reasonably required by the other party to give effect to any provisions of this Lease.

16.8 No waiver

(a) The failure of a party to require full or partial performance of any provision of this document does not affect the right of that party to require that performance subsequently.

(b) A single or partial exercise of or waiver of the exercise of any right, power or remedy does not preclude any other or further exercise of that or any other right, power or remedy.

(c) A right under this document may only be waived in writing signed by the party granting the waiver, and is effective only to the extent specifically set out in that waiver.

16.9 Governing law and jurisdiction

(a) The law of the Territory governs this document.

(b) Each party irrevocably submits to the non-exclusive jurisdiction of the Territory's courts and courts competent to hear appeals from those courts.

16.10 Severability

(a) A clause or part of a clause of this document that is illegal or unenforceable may be severed from this document and the remaining clauses or parts of the clause of this document continue in force.

(b) If any provision is or becomes illegal, unenforceable or invalid in any jurisdiction, it is to be treated as being severed from this document in the relevant jurisdiction, but the rest of this document will not be affected.

16.11 Notice

(a) A notice, consent or communication under this document is only effective if it is:

(i) in writing, signed by or on behalf of the person giving it;

(ii) addressed to the person to whom it is to be given; and

(iii) given as follows:

(A) delivered by hand to that person's address;

(B) sent to that person's address by prepaid mail or by prepaid airmail, if the address is overseas; or

(C) sent to that person's email address and no 'bounce back' message was received by the sender.

(b) A notice, consent or communication delivered under this clause 16.11 is given and received:

(i) if it is hand delivered:

(A) by 5.00pm (local time in the place of receipt) on a Business Day – on that day; or

(B) after 5.00pm (local time in the place of receipt) on a Business Day, or on a day that is not a Business Day – on the next Business Day; and

(ii) if it is sent by post:

(A) within Australia – three Business Days after posting; or

(B) to or from a place outside Australia – seven Business Days after posting.

(iii) if it is sent by email, at the time it is received in the recipient's inbox.

(c) A person's address is as set out at the commencement of this document or as the person notifies to the other party or parties at any time in writing.

(d) A notice, consent or communication must be in writing and may be signed by the party giving it, by that party, or by that party's lawyer.

16.12 Time is of the essence

Time shall be of the essence of this Lease in relation to the performance by the Lessee of its obligations under this Lease.

17. Defined terms and interpretation

17.1 Defined terms

In this document:

Authority	means any Court, or any state or federal government, local government, statutory or public authority, instrumentality, body, Irrigation Infrastructure Operator or any other person having jurisdiction over the Water Entitlements or Water Allocations, or anything relating to the Water Entitlements or Water Allocations.
Bankruptcy Act	means the *Bankruptcy Act 1966* (Cth).
Business Day	means a day that is not a Saturday, Sunday or public holiday in Adelaide, South Australia.
Claim	means any claim, action, proceeding or demand, however it arises and whether it is present or future, fixed or unascertained, actual or contingent.
Commencement Date	means the commencement date of the Term being the date specified in Item 1 of the Reference Schedule and as provided for in clause 2.
Control	has the meaning given in the Corporations Act.
Corporations Act	means *Corporations Act 2001* (Cth).
Current Market Rent	means an amount per annum equal to the Option Percentage of the Current Market Value of the Water Entitlements determined in accordance with the Current Market Value review.
Current Market Value	means the current market value of the Water Entitlements determined by an independent third party review conducted by a registered valuer appointed by the Lessor to determine the fair value on a dollars per ML basis of the Water Entitlements.
Default Interest Rate	means the Reserve Bank of Australia cash rate plus 3% per annum.
End of the Term	means the end of the Term, whether arising through termination of this Lease through effluxion of time or otherwise.
Expiry Date	means the expiry date of the Term, being the date specified in Item 2 of the Reference Schedule.

GST Act	means *A New Tax System (Goods and Services Tax) Act 1999* (Cth), or, if that Act does not exist for any reason, means any Act imposing or relating to the imposition or administration of a goods and services tax in Australia and any regulation made under that Act.
Insolvency Event	in relation to a party means any of the following events concerning a party, unless the events take place as part of a solvent reconstruction, amalgamation, merger or consolidation: (a) if an administrator, liquidator, receiver, receiver and manager or other controller (as defined in the Corporations Act) is appointed to, or over, any of the property or undertaking of the party; (b) if an order is made or an effective resolution is passed for the winding up or dissolution of the party without winding up; (c) if the party is made bankrupt, declared bankrupt or files a petition for relief under bankruptcy laws; (d) if the party dies or is, or is declared to be incompetent or unable to conduct his or her affairs; (e) if the party or the party's property or undertaking becomes subject to a personal insolvency arrangement under part X Bankruptcy Act or a debt agreement under part IX Bankruptcy Act; (f) if the party is unable to pay its debts as and when they fall due or has stopped or suspended, or threatened to stop or suspend, payment of all or a class of its debts; (g) if the holder of an Encumbrance takes possession of the whole or substantial part of the undertaking or property of the party; or (h) if any event happens in Australia or any other country or territory in respect of a party that is similar to any of the events or circumstances referred to in this definition.
Irrigation Infrastructure Operator	means any corporation specified as the "Authority" for any of the Water Entitlements in item 6 of the Reference Schedule.
Law	means: (a) the principles of law or equity established by decisions of Australian courts; (b) any legislation, statutes, acts, rules, orders, regulations, by-laws, local laws, policies or ordinances which are enacted, issued or promulgated by the State, a Minister, the Chief Executive under the Water Act, a corporation or authority constituted for a public purpose or a local authority; and (c) requirements made or arising under or under any of the matters referred to in paragraphs (a) or (b) above.
Lease	means this document.
ML	means megalitre, or one million litres.
Option Percentage	means the percentage (if any) specified at item 7 of the Reference Schedule.

Option Term	means the period (if any) stated in Item 7 of the Reference Schedule.
Outgoings	means all costs and liabilities incurred by the Lessor which are associated with or otherwise incidental to owning or holding the Water Entitlements or the Water Allocations, or the taking of water under the Water Allocations by the Lessee, including any costs associated with holding shares in, comply with the rules of, or receiving water allocations from any Irrigation Infrastructure Operator.
Payment Period	means the period stated in Item 4 of the Reference Schedule.
Regulated Area	means the area to which each of the Water Entitlements apply, as set out in item 6 of the Reference Schedule.
Rent	means the annual rent payable by the Lessee to the Lessor under this Lease for each Water Year, as set out in Item 3 of the Reference Schedule.
Residual Water	has the meaning set out in clause 10.2.
Term	means the term of this Lease as specified in clause 2.
Term Transfer	means the assignment, term transfer or limited term transfer of the Water Entitlements, or any other form of temporary transfer (including directions to an Irrigation Infrastructure Operator to provide the Lessee with all water allocations of the Water Entitlements for a given Water Year).
Territory	means the state or territory specified at item 8 of the Reference Schedule.
Water Act	means: (a) the *Water Management Act 2000* (NSW) for Water Entitlements where the Regulated Area is within New South Wales; and (b) the *Water Act 1989* (Vic) for Water Entitlements where the Regulated Area is within Victoria, or, if an Act ceases to exist for any reason, means any Act replacing that Act for the purposes of regulating the Water Entitlements.
Water Allocation	means any water allocation (as defined in the Water Act) which the holder of the Water Entitlements is entitled to for the duration of the Term.
Water Entitlements	means the water entitlements described in Item 6 of the Reference Schedule.
Water Regulations	means the Water Act, any regulations made under that Act, the rules of any Irrigation Infrastructure Operator that apply to the Water Entitlements, and any water sharing plan, sustained water strategy, regional river health strategy, stream flow management plan, groundwater management plan or bulk entitlement that applies to the Water Entitlements.
Water Sale Agreement	means a water sale agreement on substantially the same terms as the water sale agreement entered into between the parties in July 2016 for the sale of the Water Entitlements.
Water Year	means each separate period of 12 months (or part thereof) of the Term, commencing on 1 July and ending on 30 June.

17.2 Interpretation

In this document:

(a) a reference to a clause, schedule, annexure or party is a reference to a clause of, and a schedule, annexure or party to, this document and references to this document include any schedules or annexures;

(b) a reference to a party to this document or any other document or agreement includes the party's successors, permitted substitutes and permitted assigns;

(c) if a word or phrase is defined, its other grammatical forms have a corresponding meaning;

(d) a reference to a document or agreement (including a reference to this document) is to that document or agreement as amended, supplemented, varied or replaced;

(e) a reference to this document includes the agreement recorded by this document;

(f) a reference to legislation or to a provision of legislation (including subordinate legislation) is to that legislation as amended, re-enacted or replaced, and includes any subordinate legislation issued under it;

(g) if any day on or by which a person must do something under this document is not a Business Day, then the person must do it on or by the next Business Day;

(h) a reference to a person includes a corporation, trust, partnership, unincorporated body, government and local authority or agency, or other entity whether or not it comprises a separate legal entity;

(i) a reference to 'month' means calendar month;

(j) this document is not to be interpreted against the interests of a party merely because that party proposed this document or some provision in it or because that party relies on a provision of this document to protect itself;

(k) a reference to a day is to be interpreted as the period of time commencing at midnight and ending 24 hours later;

(l) a reference to '$' or 'dollar' is to Australian currency;

(m) the meaning of any general language is not restricted by any accompanying example, and the words 'includes', 'including', 'such as' or 'for example' (or similar phrases) do not limit what else might be included.

Signing page

EXECUTED as a deed

Executed by **Lessor:**

Signature of director	Signature of director
Peter Michelle	Tom Rooney
Name of director (print)	Name of director (print)

Executed by **Lessee:**

Signature of director	Signature of company secretary
Edouard Peter	Mark Allen
Name of director (print)	Name of company secretary (print)

Certificates

Water Share ID:
WEE035396
Printed on: 06 May 2016 3:43:05 pm

COPY OF RECORD IN THE VICTORIAN WATER REGISTER

WATER SHARE

Water Act 1989

The information in this copy of record is as recorded at the time of printing. Current information should be obtained by a search of the register. The State of Victoria does not warrant the accuracy or completeness of this information and accepts no responsibility for any subsequent release, publication or reproduction of this information.

Water Share Description

Status	Active
Volume	1,062.0 megalitres
Water authority	Goulburn-Murray Water
Water system source	Murray
Water system type	Regulated
Reliability class	High
Trading zone source	7 VIC Murray - Barmah to SA
Trading zone use	7 VIC Murray - Barmah to SA
Delivery system	Non Water User Limit
Tenure	Ongoing
Tradability	Tradable
Carryover allowed	Yes

Water Share Owner(s)

Sole Owner 1 of 1

DUXTON VINEYARDS PTY LTD of 7 POMONA RD STIRLING SA 5152
WET513591 Lodged on : 15 Dec 2015 Recorded on : 11 Jan 2016

Current Year Allocation

Carryover at 1 July:	0.002 ML
Seasonal allocation since 1 July:	1,062.000 ML
Total allocation to date:	1,062.002 ML
Possible future allocation to 30 June:	0.000 ML

Spillable Account Details

Low risk of spill declaration:	Sep 10 2015
Volume spilled:	0.000 ML
Current volume subject to above entitlement storage fee:	0.002 ML
Maximum volume subject to above entitlement storage fee:	0.002 ML

Water Share Association

Not associated

Recorded Interests

Mortgage

Priority	*Reference*	*Recorded date*	*Mortgagee*
Nil			

Limited term transfer

Reference	*Start date*	*End date*	*Trading zone use*	*Delivery system*	*Water-use licence*	*Water authority*
Nil						

Notifications

Reference	*Recorded date*	*Notification details*
Nil		

Application History

Reference	*Type*	*Status*	*Lodged date*	*Approved date*	*Recorded date*
PTA007455	Address amendment	Recorded			04 Apr 2011
WET513591	Transfer within authority	Recorded	15 Dec 2015	15 Dec 2015	11 Jan 2016
WET005009	Transfer within authority	Recorded	07 Jan 2008	11 Jan 2008	05 Mar 2008
WEV000911	Association and Variation	Recorded	05 Oct 2007	05 Oct 2007	05 Oct 2007
WDT000070	Division and Transfer	Recorded	14 Aug 2007	29 Aug 2007	29 Aug 2007
WDT000070_T	Transfer within authority	Recorded	02 Aug 2007	29 Aug 2007	11 Oct 2007

END OF COPY OF RECORD

POMONA IRRIGATION TRUST

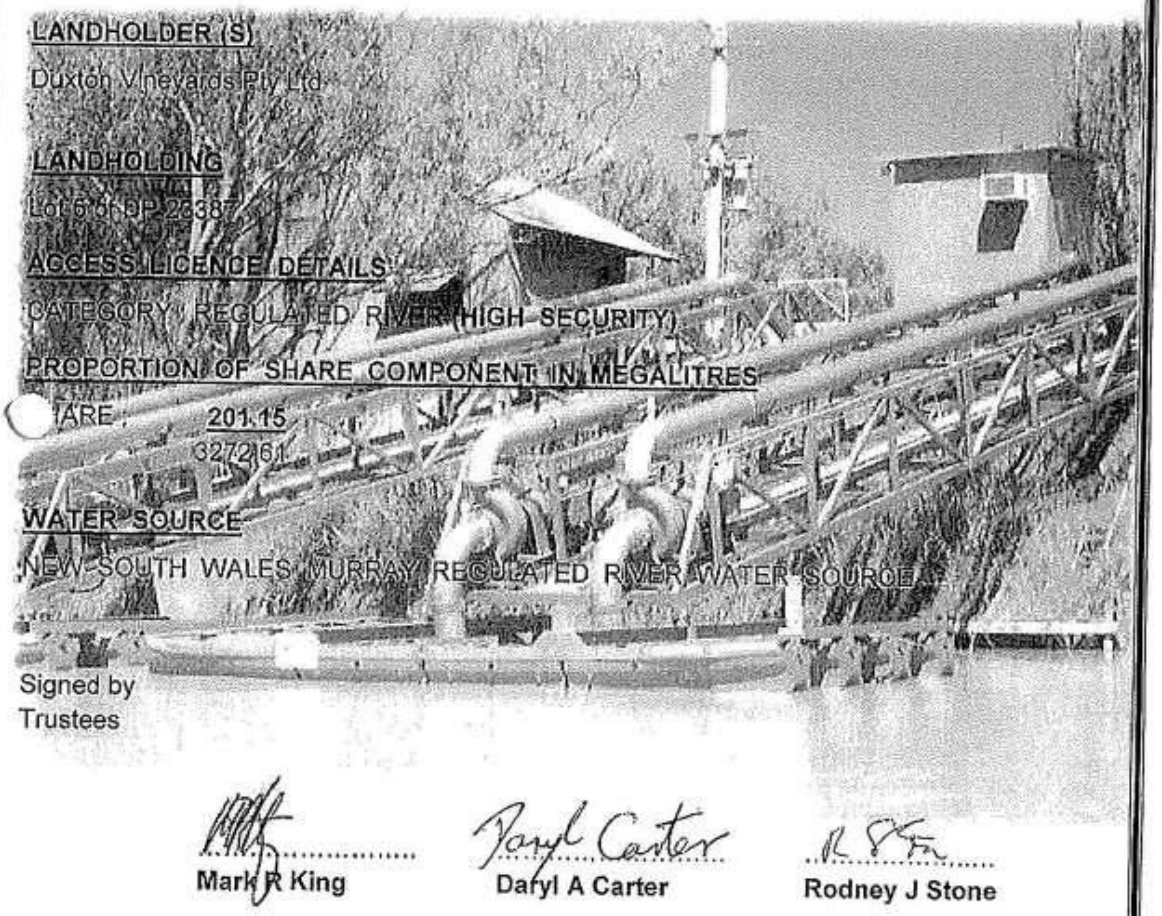
ABN 68 538 782 846

IRRIGATION RIGHT SHARE CERTIFICATE

In accordance with the Water Management Act 2000 No 92, 237A Water entitlements of landholders *and the* Water Management (General) Regulation 2004,108 Transformation of water entitlements for the purpose of section 237A of the Act, a determination of Water Entitlement has been made by the Trustees of the Pomona Irrigation Trust.

The Pomona Irrigation Trust is the holder of
Water Access Licence Number **WAL7727**

This Certificate shows the share component of the Water Access Licence **WAL7727** held by the owner of the Landholding with the Pomona Irrigation Trust water supply district



LANDHOLDER (S)

Duxton Vineyards Pty Ltd

LANDHOLDING

Lot 6 in DP 28387

ACCESS LICENCE DETAILS

CATEGORY: REGULATED RIVER (HIGH SECURITY)

PROPORTION OF SHARE COMPONENT IN MEGALITRES

SHARE: 201.15

327.161

WATER SOURCE

NEW SOUTH WALES MURRAY REGULATED RIVER WATER SOURCE

Signed by
Trustees

Mark R King

Daryl Carter

Daryl A Carter

Rodney J Stone

Issue date: 1 April 2016

Certificate No: 01-leDuxHS

POMONA IRRIGATION TRUST

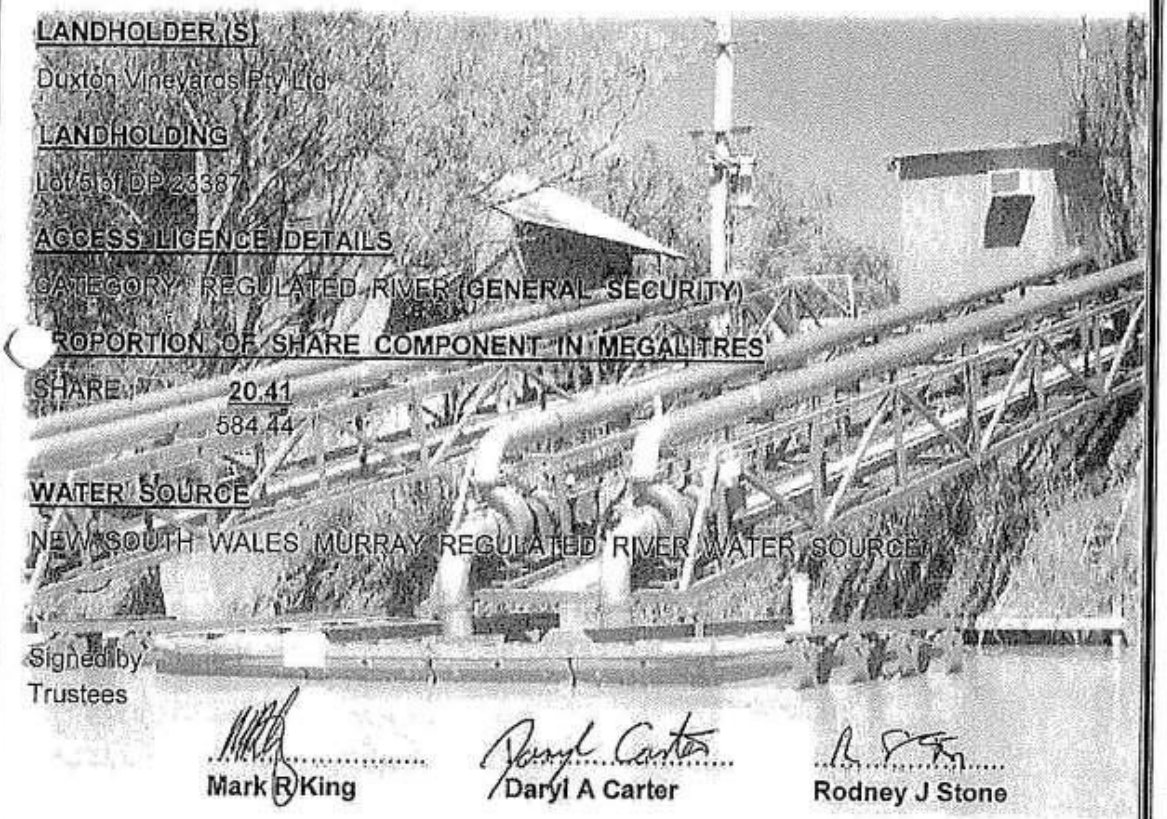
ABN 68 538 782 846

IRRIGATION RIGHT SHARE CERTIFICATE

In accordance with the Water Management Act 2000 No 92, 237A Water entitlements of landholders *and the* Water Management (General) Regulation 2004,108 Transformation of water entitlements for the purpose of section 237A of the Act, a determination of Water Entitlement has been made by the Trustees of the Pomona Irrigation Trust.

The Pomona Irrigation Trust is the holder of
Water Access Licence Number **WAL7728**

This Certificate shows the share component of the Water Access Licence **WAL7728** held by the owner of the Landholding with the Pomona Irrigation Trust water supply district



LANDHOLDER (S)

Duxton Vineyards Pty Ltd

LANDHOLDING

Lot 5 of DP 233874

ACCESS LICENCE DETAILS

CATEGORY: REGULATED RIVER (GENERAL SECURITY)

PROPORTION OF SHARE COMPONENT IN MEGALITRES

SHARE: 20.41
584.44

WATER SOURCE

NEW SOUTH WALES MURRAY REGULATED RIVER WATER SOURCE

Signed by
Trustees

Mark R King | Daryl A Carter | Rodney J Stone

Issue date: 1 April 2016

Certificate No: 11leDuxGS

E Water Rights Sales Agreement 4

Water Rights Sales Agreement

CowellClarke
Commercial Lawyers

Merriment Rural Investments Pty Ltd ACN 129 249 243
("Seller")

and

Duxton Water Ltd ACN 611 976 517
("Buyer")

WATER RIGHTS SALE AGREEMENT

Cowell Clarke
Level 5, 63 Pirie Street
Adelaide, South Australia 5000
T: +61 8 8228 1111
F: +61 8 8228 1100
www.cowellclarke.com.au
Liability limited by a scheme approved under the Professional Standards Legislation

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THIS AGREEMENT made day of 2016

BETWEEN **MERRIMENT RURAL INVESTMENTS PTY LTD** ACN 129 249 243 whose registered office is situated at 107 Wingewarra St, Dubbo NSW 2830 ("**Seller**")

AND **DUXTON WATER LTD** ACN 611 976 517 c/- Tilbrook Rasheed of 13 Greenhill Road Wayville SA 5034 ("**Buyer**")

RECITALS

A. The Seller owns the Water Rights.

B. The Seller has agreed to sell to the Buyer and the Buyer has agreed to buy from the Seller the Water Rights on the terms of this Agreement.

IT IS AGREED as follows:

1. **Recitals**

The parties acknowledge the recitals are true and form part of this Agreement.

2. **Interpretation and definitions**

2.1 **Interpretation**

Unless qualified by or inconsistent with the context:

2.1.1 a reference to the singular includes the plural and vice versa;

2.1.2 headings are for convenience of reference and will not affect the interpretation of this Agreement;

2.1.3 references to any statutory enactment mean references to that enactment as amended, modified and re-enacted from time to time;

2.1.4 a reference to costs includes legal costs on a full indemnity basis;

2.1.5 a reference to a "person" includes a reference to an entity;

2.1.6 this Agreement binds the parties' respective heirs, successors, legal personal representatives, administrators and assigns;

2.1.7 the approval or consent of a party means that party's prior written approval or consent which is not to be unreasonably withheld or delayed;

2.1.8 a reference to a clause, Schedule or item is a reference to a clause or item of or schedule to this Agreement;

2.1.9 if the day on or by which a person must do something under this Agreement is not a Business Day, the person must do it on or by the next Business Day;

2.1.10 a reference to currency is a reference to Australian Dollars; and

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2.1.11 wherever "include" or "for example" or any form of those words are used, they must be construed as if they were followed by "(without being limited to)".

2.2 **Definitions**

In this Agreement:

2.2.1 "**ASX**" means ASX Limited or the market it operates, as applicable;

2.2.2 "**Applicable Laws**" means:

2.2.2.1 the *Water Management Act 2000* (NSW) and *Water Act 1912* (NSW) and any regulations under those acts;

2.2.2.2 the *Water Act 2007* (Cth) and any regulations under that act;

2.2.2.3 any other statute, rule, regulation, proclamation, ordinance, order or by-law applicable to the Water Rights; and

2.2.2.4 any water sharing rules, water sharing plans, water resource plans, trading rules, Transformation rules or the like applicable to the Water Rights;

2.2.3 "**Approvals**" means any consent or approval of an Authority which may be required to Transfer the Water Rights including:

2.2.3.1 Ministerial approval required under s.71M, s.71P, s. 71Q, s.71T or such other relevant provision of the *Water Management Act 2000* (NSW); and

2.2.3.2 Irrigation Infrastructure Operator approval required under the *Water Market Rules 2009* (Cth) and any transfer rules specific to the Irrigation Infrastructure Operator;

2.2.4 "**Authority**" means any:

2.2.4.1 department or government in any jurisdiction, whether federal, state or local;

2.2.4.2 Irrigation Infrastructure Operator which includes any private irrigation district, private irrigation trust or private irrigation company;

2.2.4.3 any other person, authority, instrumentality or body having jurisdiction, rights, powers, duties or responsibilities in relation to the Water Rights,

and "**Authorities**" has a corresponding meaning;

2.2.5 "**Business Day**" means a day that is not a Saturday, Sunday or public holiday in South Australia and New South Wales;

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2.2.6 "**Carryover Water**" means the volume of water under a Water Allocation that is not used within the Water Year and that carries over into the next Water Year;

2.2.7 "**CBRE**" means CBRE Valuations Pty Ltd ABN 15 008 912 641;

2.2.8 "**Consideration**" is the amount of money equal to the Water Rights Value;

2.2.9 "**Cut Off Date**" means 30 September 2016;

2.2.10 **"Deposit"** means a sum equivalent to 10% of the Consideration;

2.2.11 "**Encumbrance**" includes a Security Interest, charge, lien, mortgage, caveat, preferential right, trust arrangement, agreement or other arrangement given or created as security or creating rights in favour of another person to secure the performance of any obligations;

2.2.12 "**GST**" means goods and services tax payable under the GST Law and an expression used in this Agreement in relation to GST will have the meaning used in or attributed to that expression by the GST Law from time to time;

2.2.13 "**GST Law**" has the same meaning as the definition of "GST law" in *A New Tax System (Goods and Services Tax) Act 1999* (Cth);

2.2.14 "**Insolvency Event**" means any of the following:

2.2.14.1 the threatened or actual appointment of a voluntary administrator, liquidator, provisional liquidator, receiver, receiver and manager, controller, trustee in bankruptcy, administrator or other person of similar office, including any application to a court for such an appointment;

2.2.14.2 entry into or proposing an arrangement or compromise for the benefit of creditors;

2.2.14.3 the levy or enforcement of a writ of execution, order or judgment;

2.2.14.4 becoming unable to pay debts as and when they fall due for payment;

2.2.14.5 the taking of possession or control of any asset by a person under an Encumbrance; or

2.2.14.6 failing to satisfy or to apply to have set aside a statutory demand, a bankruptcy notice or other similar form of statutory notice within the time specified in the demand or notice;

2.2.15 "**Irrigation Infrastructure Operator**" has the meaning provided in the *Water Act 2007* (Cth) and, for the avoidance of doubt, includes Jemalong Irrigation Ltd;

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2.2.16 "**Irrigation Right**" means a right to water from an Irrigation Infrastructure Operator granted pursuant to a water entitlements contract or other such similar contract, being a water entitlement right and where not tied to a landholding within the district of the Irrigation Infrastructure Operator, shares in the Irrigation Infrastructure Operator;

2.2.17 "**Registrar**" means either or both of:

2.2.17.1 NSW Land and Property Information; and

2.2.17.2 the Irrigation Infrastructure Operator;

2.2.18 "**Regulations**" means:

2.2.18.1 where the Water Rights are water access licences, the water sharing plans applicable to those Water Rights; and

2.2.18.2 where the Water Rights are Irrigation Rights, the trading rules, Transformation rules, contracts, policies and guidelines of the relevant Irrigation Infrastructure Provider;

2.2.19 "**Security Interest**" has the same meaning as defined in the *Personal Property Securities Act 2009* (Cth);

2.2.20 "**Settlement**" means the settlement of the sale and purchase of the Water Rights as provided in clause 9;

2.2.21 "**Settlement Date**" means the earlier of:

2.2.21.1 five (5) Business Days after the conditions precedent in clause 4 have been satisfied; and

2.2.21.2 the Cut Off Date.

2.2.22 "**Term Transfer**" means the assignment, term transfer or limited term transfer of the Water Rights, or any other form of temporary transfer of the Water Rights and if such a temporary transfer is not possible, then the transfer of Water Allocation associated with the Water Rights (including directions to an Irrigation Infrastructure Operator to provide the Water Allocations associated with the Irrigation Rights to the lessee) in accordance with the terms of the Water Supply Lease;

2.2.23 "**Transfer**" means:

2.2.23.1 where the Water Rights are water access licences, the transfer of those water access licences from the Seller to the Buyer; and

2.2.23.2 where the Water Rights are Irrigation Rights, the Transformation of those Water Rights to one or more water access licence held by the Buyer;

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2.2.24 "**Transformation**" has the meaning in section 3 of the *Water Market Rules 2009* (Cth);

2.2.25 "**Valuation Report**" means the report prepared for the Buyer by CBRE entitled "Duxton Water Portfolio" dated 30 June 2016;

2.2.26 "**Water Allocation**" means the volume of water allocated by an Authority to each of the Water Rights in a Water Year and includes any Carryover Water;

2.2.27 "**Water Broker**" means Waterfind Pty Ltd;

2.2.28 "**Water Registers**" means the New South Wales Water Access Licence Register and any relevant registers maintained by an Irrigation Infrastructure Operator;

2.2.29 "**Water Rights**" means the water access licences, Irrigation Rights and other water rights and interests set out in Schedule 1 and includes any current Water Allocation (excluding the Water Allocation which the Seller has used in accordance with clause 12.1) and any additional or new Water Allocation transferred pursuant to clause 12.2;

2.2.30 "**Water Rights Approval Forms**" means any forms, documents and supporting information (including any current certificates) required to be submitted to an Authority to enable the Approvals to be obtained, which includes:

2.2.30.1 where the Authority is the NSW Office of Water, any notification forms or other forms required by it; and

2.2.30.2 where the Authority is an Irrigation Infrastructure Operator, all documents required by the Irrigation Infrastructure Operator;

2.2.31 "**Water Rights Registration Forms**" means any forms, documents or supporting information (including documentation evidencing the Approvals and any current certificates and duplicate WAL certificates) submitted to a Registrar in order to register the Transfer of the Water Rights on the Water Registers;

2.2.32 "**Water Rights Value**" means the market value of the Water Rights set out in the Valuation Report and any updated or subsequent report prepared by CBRE at the request of the Buyer in respect of the Water Rights;

2.2.33 "**Water Supply Lease**" means a lease or leases entered into by the Buyer and the Seller under which the Buyer will lease back the Water Rights to the Seller by way of Term Transfer, which lease will be in the same form as the lease included in Schedule 2 to this Agreement or on such terms otherwise acceptable to the Buyer; and

2.2.34 "**Water Year**" means any period of one year ending on 30 June.

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3. **Sale of Water Rights**

Subject to the provisions of this Agreement, the Seller agrees to Transfer its rights, title and interest in the Water Rights to the Buyer free of all Encumbrances at Settlement, and the Buyer agrees to pay the Consideration to the Seller.

4. **Conditions Precedent**

4.1 Settlement is conditional upon:

4.1.1 the parties entering into the Water Supply Lease;

4.1.2 the Seller lodging the Water Rights Approval Forms with the Authorities and obtaining all Approvals required for the Transfer of the Water Rights to the Buyer on an unconditional basis or on conditions acceptable to the Buyer, or in the event that no Approvals are required for one or more of the Water Rights, providing written confirmation to the Buyer to this effect;

4.1.3 the Buyer being admitted to the official list of the ASX and satisfying all conditions imposed by ASX for quotation.

4.1.4 the Buyer being satisfied that there have been no material adverse amendments to the Regulations in the period between execution of this Agreement and Settlement.

4.2 Clause 4.1.1 has been included for the benefit of all parties and may only be waived with the consent in writing of all parties.

4.3 Clauses 4.1.2 , 4.1.3 and 4.1.4 have been included for the benefit of the Buyer and may only be waived by the Buyer.

4.4 The parties must use their best endeavours to fulfil the conditions precedent.

4.5 In complying with clauses 4.1.2 and 4.4, the Seller shall use its best endeavours to obtain all of the Approvals as soon as practicable after receiving forms from the Buyer under clause 6.4.1 and will notify the Buyer promptly on obtaining each of the Approvals.

4.6 The Buyer shall do all things reasonably required of it by the Seller, the Water Broker and any Authority, including to execute the Water Rights Approval Forms or provide all necessary information, to assist the Seller in complying with its obligations under clause 4.1.2.

4.7 If the conditions precedent are not fulfilled or waived by the benefiting party as set out in this clause 4 on or before the Cut Off Date, then either party may end the Agreement by written notice to the other party.

4.8 If a party ends the Agreement in accordance with clause 4.7, neither party has further rights against the other party under this Agreement, except in respect of default in using best reasonable endeavours to fulfil the conditions precedent.

5. **Between execution and Settlement**

5.1 On execution of this Agreement the Buyer must pay the Deposit to the Seller's Solicitor and in this regard time is essential. If the whole of the deposit is not paid upon execution of this Agreement, the Seller may require the Buyer to pay to the Seller interest on that amount at 10% per annum calculated daily from the date of execution of the Agreement until the Deposit is fully paid.

5.2 The Deposit is to be held by the Seller's solicitor until released to the Seller at Settlement. If Settlement does not occur and the Buyer is not in default of any of its obligations under this Agreement, the Buyer is entitled to the Deposit and the Seller's solicitor shall release the Deposit to the Buyer.

5.3 The Seller and Buyer agree that the Deposit is to be invested by the Seller's solicitor and to be invested with a bank in an interest bearing account in NSW at call or for a term which expires on or before the completion date and the Buyer and Seller agree after deduction of all property taxes and charges, the interest earned on the Deposit is to be paid equally between the parties. The Buyer will provide their tax file number to the Seller on payment of the deposit to allow investment of the Deposit.

5.4 From the execution of this Agreement until Settlement, the Seller must:

5.4.1 comply with all Applicable Laws, any conditions attaching to the Water Rights and any reasonable requirements of any Authority relating to the Water Rights;

5.4.2 comply with its obligations under this Agreement;

5.4.3 keep and maintain up to date records of the Water Rights and grant the Buyer written authority to inspect any records of any Authority in relation to the Water Rights;

5.4.4 promptly give the Buyer any information reasonably requested relating to the Water Rights;

5.4.5 immediately notify the Buyer of any fact or circumstance which might reasonably be expected to materially adversely affect the Water Rights or the Seller's ability to Transfer the Water Rights to the Buyer; and

5.4.6 immediately forward to the Buyer copies of any notices, orders, accounts or requirements of any Authority in relation to or affecting the Water Rights;

5.5 From the execution of this Agreement until Settlement, the Seller must not:

5.5.1 contract or otherwise agree to Transfer the Water Rights to another person or permit any Encumbrances to be noted against the Water Rights without the prior written consent of the Buyer (other than an Encumbrance contemplated by clause 5.5.4);

5.5.2 take any action, or fail to take any action, that could prevent the Transfer of the Water Rights in accordance with this Agreement;

5.5.3 do anything that will materially adversely affect the Water Rights or the Seller's ability to Transfer the Water Rights to the Buyer, provided that nothing prevents the Seller from doing anything which the Seller is expressly authorised or required to do under the terms of this Agreement; and

5.5.4 oppose or take any steps to prevent the registration or notation of any Encumbrance against the Water Rights in favour of the Buyer protecting the Buyer's interest in the Water Rights under this Agreement.

5.6 The Seller must immediately notify the Buyer in writing of any non-compliance with this clause 5.

6. Outgoings, fees and charges

6.1 The Seller must pay all:

6.1.1 outgoings in relation to the Water Rights for the period up to and including the Settlement Date, including all fees and charges in relation to the delivery and usage of water; and

6.1.2 fees associated with discharging any Encumbrances over the Water Rights prior to Settlement.

6.2 The Buyer must pay all:

6.2.1 outgoings in relation to the Water Rights for the period on and from Settlement;

6.2.2 fees associated with lodging the Water Rights Approval Forms or otherwise incurred in obtaining the Approvals;

6.2.3 fees associated with lodging the Water Rights Registration Forms or otherwise incurred registering the Transfers on the Water Registers; and

6.2.4 any other fees otherwise required to effect the Transfer of the Water Rights.

6.3 If a party must under the Applicable Laws pay for an outgoing or fee which the other party is responsible under this clause 6, that party must pay the amount and the other party shall reimburse that party within 14 Business Days of written request (which request must include evidence confirming payment by the first party).

6.4 The Buyer must, or must procure the Water Broker to:

6.4.1 prepare and provide to the Seller as soon as practicable after execution of this Agreement, the Water Rights Approval Forms together with a cheque made payable to the relevant Authority for any fees payable by the Buyer under clause 6.2.2 of this Agreement (provided that nothing requires the Buyer to pay any outstanding outgoings which may be owing to an Authority by the Seller and for which the Seller is liable under clause 6.1.1); and

6.4.2 prepare any Water Rights Registration Forms which are required to be signed by the Seller prior to Settlement and provide those Water Rights Registration Forms to the Seller not less than 7 days prior to the Settlement Date.

6.5 Nothing in clause 6.4 detracts from the Seller's obligations under clauses 4.1.2, 4.5 and 10.1.3.

7. **Water Rights Value**

The parties acknowledge and agree that the Water Rights Value is the Consideration payable by the Buyer for the Water Rights and will be the consideration for the purposes of the settlement adjustment sheet referred to in clause 8 and completion of the Water Rights Approval Forms and the Water Rights Registration Forms.

8. **Adjustment**

Before Settlement, the Buyer must deliver a settlement adjustment sheet to the Seller which has been prepared consistent with clause 6 of this Agreement.

9. **Settlement**

Settlement takes place on the Settlement Date at the offices of the Buyer in South Australia or as the parties may otherwise agree provided that if settlement occurs outside of New South Wales, the Buyer must pay the agency fees reasonably incurred by the Seller to enable an agent to attend Settlement on behalf of the Seller.

10. **Settlement procedure**

10.1 At Settlement the Seller must deliver to the Buyer, in registrable form (where applicable):

10.1.1 originals of all Approvals obtained from the Authorities approving the Transfer of the Water Rights to the Buyer;

10.1.2 copies of any records relating to the Water Rights as reasonably required by the Buyer;

10.1.3 all original completed and duly executed Water Rights Registration Forms capable (upon payment of the relevant fees) of registration with the Registrars to enable registration of the Water Rights on the Water Registers without further amendment or supplementation;

10.1.4 discharges of any and all Encumbrances over the Water Rights; and

10.1.5 duly executed originals of the Water Supply Lease.

10.2 At Settlement, the Buyer must pay the Consideration (less the Deposit) and any amount payable by way of adjustment to outgoings set out in the settlement adjustment sheet referred to in clause 7 in cash and by such payment method agreed by the parties.

10.3 If the Buyer does not pay the amount due to the Seller under clause 10.2 on the Settlement Date due to a breach by the Buyer of any of its obligations under this Agreement, the Seller may require the Buyer to pay to the Seller

interest on that amount at 10% per annum calculated daily from the Settlement Date until the date upon which Settlement actually occurs.

10.4 For the avoidance of doubt, the Buyer will register or procure the registration of the Water Rights Registration Forms with the relevant Water Registers as soon as possible after Settlement.

11. Title, possession and risk

11.1 To the extent permitted by all Applicable Laws, title in the Water Rights passes from the Seller to the Buyer at Settlement.

11.2 Risk in the Water Rights passes from the Seller to the Buyer at Settlement.

12. Transfer of Water Allocation

12.1 The Buyer acknowledges and agrees that between execution of this Agreement and Settlement the Seller is entitled to use any Water Allocation associated with the Water Rights provided that in doing so the Seller complies with any conditions attaching to the Water Rights, any Applicable Laws and the reasonable requirements of any Authority.

12.2 If after Settlement, but prior to registration of the Water Rights Registration Forms on the Water Registers, an Authority announces an additional Water Allocation in relation to the Water Rights for the current Water Year, or announces a new Water Allocation in respect of a new Water Year, the Seller must as soon as practicable transfer that Water Allocation to the Buyer at no charge (other than any fees payable in respect of an application to transfer the Water Allocation, which fees shall be borne by the Buyer).

13. Warranties

13.1 Each of the Seller and the Buyer represents and warrants that:

13.1.1 it is a corporation validly existing under the laws of the state in which it was incorporated;

13.1.2 it has not committed or become the subject of an Insolvency Event; and

13.1.3 this Agreement is a valid and binding obligation enforceable against it in accordance with its terms.

13.2 As at the date of this Agreement, the Seller warrants that:

13.2.1 the Seller is the sole owner of the Water Rights;

13.2.2 the Seller has good and marketable title to the Water Rights;

13.2.3 the Seller is not entering into this Agreement as trustee of any trust;

13.2.4 the Seller has full right and power to enter into this Agreement, to Transfer the Water Rights to the Buyer and to carry out the transactions contemplated by this Agreement;

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13.2.5 the Seller has not entered into any other contract or commitment to dispose, Transfer or otherwise deal with the Water Rights;

13.2.6 at the completion of Settlement, the Water Rights will not be subject to any Encumbrance;

13.2.7 the Seller is not aware of any fact or circumstance which might reasonably be expected to materially adversely affect the Water Rights or the Seller's ability to Transfer the Water Rights to the Buyer;

13.2.8 the Seller is not aware of any current or threatened claims, proceedings, orders or notices affecting the Water Rights;

13.2.9 the Seller has complied with all requirements of any Authority in relation to the Water Rights;

13.2.10 the Seller has complied will all Applicable Laws; and

13.2.11 this Agreement and each transaction contemplated by it does not contravene or breach the Applicable Laws, any conditions of the Water Rights or the requirements of any Authority;

13.3 At Settlement, the Seller is deemed to repeat each warranty by the Seller and the Buyer is deemed to have accepted each warranty by the Seller.

13.4 The Buyer warrants that the provisions of the *Foreign Acquisitions and Takeovers Act 1975* do not prohibit the Buyer from acquiring the Water Rights.

13.5 A warranty in this document does not merge on Settlement but continues to operate thereafter.

14. Indemnity by Seller

The Buyer and the Seller indemnify and will keep indemnified the other party from and against all actions, claims or causes of action (including in contract, tort or under statute), demands, losses, liabilities, damages, costs and expenses which the Buyer pays, suffers, incurs or is liable in respect of any warranty by the Buyer or Seller (as the case may be) under this Agreement being untrue, inaccurate or in any way misleading or deceptive or likely to mislead or deceive.

15. Termination

15.1 Prior to Settlement

15.1.1 The Buyer may terminate this Agreement at any time before Settlement by notice in writing to the Seller if:

15.1.1.1 the Seller commits or becomes the subject of an Insolvency Event;

15.1.1.2 the Seller commits a material breach of this Agreement (including a material breach of warranty) other than solely due to the default of the Buyer, which is not capable of remedy; or

15.1.1.3 the Seller commits a material breach of this Agreement (including a material breach of warranty), other than solely due to the default of the Buyer, which is capable of remedy and is not remedied within 14 Business Days after notice requiring it to be remedied is given to the Seller.

15.1.2 The Seller may terminate this Agreement at any time before Settlement by notice in writing to the Buyer if:

15.1.2.1 the Buyer commits or becomes the subject of an Insolvency Event;

15.1.2.2 the Buyer commits a material breach of this Agreement (including a material breach of warranty) other than solely due to the default of the Seller, which is not capable of remedy; or

15.1.2.3 the Buyer commits a material breach of this Agreement (including a material breach of warranty), other than solely due to the default of the Seller, which is capable of remedy and is not remedied within 14 Business Days after notice requiring it to be remedied is given to the Buyer.

15.2 **Accrued Rights**

Termination of this Agreement at any time will otherwise not affect any rights or remedies which have arisen on or before termination.

16. **GST**

16.1 The parties acknowledge and agree that the supply made pursuant to this Agreement:

16.1.1 is a supply of water that is GST-free in accordance with GSTR 2000/25

16.1.2 any amount payable under this Agreement in respect of the taxable supply ("**Payment**") is exclusive of GST; and

16.1.3 if a supply under this Agreement is, in fact, not GST-free the Seller may, in addition to the Payment but subject to the Seller providing to the Buyer a tax invoice, recover from the Buyer (and the Buyer must pay or reimburse the Seller) an additional amount on account of GST, such additional amount to be calculated in accordance with the GST Law and to be paid by the Buyer at or before Settlement or at any time thereafter nominated by the Seller (the Seller having given to the Buyer a tax invoice not less than seven (7) days before Settlement or the nominated date for payment).

16.2 This clause shall survive Settlement and any termination of this Agreement by any party to this Agreement.

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17. **Confidentiality and Announcement**

Each party must treat the existence and terms of this Agreement as confidential and no announcement or communication relating to the negotiations of the parties or to the existence, subject matter or terms of this Agreement may be made or authorised by a party unless:

17.1 the other party has first given their written approval;

17.2 the disclosure is to the party's employees, consultants, professional advisers, bankers, financial advisers or financiers or to a person whose consent is required under this Agreement or for a transaction contemplated by it and those persons undertake to keep confidential any information so disclosed; or

17.3 the disclosure is:

17.3.1 made to the extent reasonably needed to comply with any Applicable Laws or requirement of any court, Government agency, Authority or regulatory body;

17.3.2 the disclosing party promptly gives notice of its intended disclosure to, and consults with, the other party to the extent practicable; and

17.3.3 the disclosing party uses its reasonable endeavours consistent with its obligations to minimise any such disclosure and to ensure that any confidential information so disclosed will be treated confidentially.

18. **Authority to complete**

The Buyer unconditionally authorises the Water Broker to complete on their behalf the Water Rights Approval Forms and the Water Rights Registration Forms, and to rectify any errors or omissions in relation to those forms.

19. **Governing law**

This Agreement is governed by the laws of New South Wales. Each party irrevocably and unconditionally submits to the exclusive jurisdiction of the courts of New South Wales and courts of appeal from them in respect of all matters arising under or relating to this Agreement.

20. **Non-merger**

The terms of this Agreement will not merge upon Settlement but will continue in full force.

21. **Further assurances**

The parties will promptly do everything necessary or desirable even if not expressly stated in this Agreement, to ensure that the terms of this Agreement are fully carried into effect.

22. **Entire agreement**

This Agreement contains the entire agreement between the parties in respect of the subject matter of this Agreement.

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23. **Amendments**

Any amendment to a term of this Agreement must be made in writing executed by the parties or duly authorised officers on behalf of the parties.

24. **Severability**

Every provision of this Agreement will be deemed severable as far as possible from the other provisions of this Agreement. If any provision is found to be void, illegal or unenforceable for any reason, it will be deemed to be severed and omitted from this Agreement. This Agreement with the offending provision severed and omitted and with any consequential amendment if necessary, will otherwise remain in full force.

25. **Notices**

Any notice to be given by a party must be signed by the party giving the notice or by one of its officers or its duly authorised lawyer or agent and must be hand delivered or sent by prepaid post or sent by facsimile or electronic mail to the recipient parties at the address, facsimile number or electronic mail address (as the case may be) as set out in Schedule 3 of this Agreement (or any other address, facsimile number or electronic mail address that a party may notify to the others) and will be deemed sufficiently given:

25.1 in the case of hand delivery, on the date of delivery;

25.2 in the case of prepaid post, four (4) Business Days after being sent by prepaid post;

25.3 in the case of facsimile, on receipt by the sender of a successful transmission answerback; or

25.4 in the case of electronic mail, on the day of transmission provided that the sender can give evidence of transmission and the intended recipient does not give evidence of non-receipt.

26. **Assignment**

This Agreement is personal to the parties and no party will assign its rights or obligations under this Agreement wholly or in part without the other parties' consent.

27. **Counterparts and effectiveness**

27.1 This Agreement may be executed in any number of counterparts and all counterparts taken together will constitute one and the same instrument. Satisfactory evidence of execution of this Agreement will include evidence of execution sent by facsimile or electronic transmission by the relevant party and in such case, the executing party undertakes to produce the original as soon as reasonably practicable thereafter.

27.2 This Agreement will only come into effect and be binding on the parties when it is duly executed by all parties.

28. **Costs**

28.1 Each party pays its own costs in relation to the preparation, negotiation and execution of this Agreement.

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28.2 If stamp duty is payable on the Transfer of the Water Rights, the Buyer will duly attend to stamping of and will pay any stamp duty assessable to this Agreement, the Water Rights Approval Forms or the Water Rights Registration Forms.

28.3 A party that breaches this Agreement will pay all costs incurred by the other party in consequence of that breach but without limit to any other rights or remedies which the party not in breach may have as a result of that breach.

EXECUTED as an Agreement.

EXECUTED by **MERRIMENT RURAL INVESTMENTS PTY LTD** ACN 129 249 243 in accordance with Section 127(1) of the *Corporations Act 2001* (Cth):)

.....	.....
*Director/*Sole Director and Sole Secretary	*Director/*Secretary
.....	.....
Print Full Name	Print Full Name

(*please delete the inapplicable title)
(Note: please affix common seal if required by the Company's Constitution)

EXECUTED by **DUXTON WATER LTD** ACN 611 976 517 in accordance with Section 127(1) of the *Corporations Act 2001* (Cth):)

.....	.....
*Director/*Sole Director and Sole Secretary	*Director/*Secretary
.....	.....
Print Full Name	Print Full Name

(*please delete the inapplicable title)
(Note: please affix common seal if required by the Company's Constitution)

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SCHEDULE 1 – WATER RIGHTS

Description of Water Right	Category of Water Right	Holder of Water Right	Volume (ML/Unit)
Entitlement Certificate No 332 for water held by Jemalong Irrigation Ltd	597 general security entitlements	Merriment Rural Investments Pty Ltd	597 ML
Entitlement Certificate No 363 for water held by Jemalong Irrigation Ltd	226 general security entitlements	Merriment Rural Investments Pty Ltd	226 ML
Entitlement Certificate No 331 for water held by Jemalong Irrigation Ltd	157 general security entitlements	Merriment Rural Investments Pty Ltd	157 ML
Entitlement Certificate No 306 for water held by Jemalong Irrigation Ltd	1,180 general security entitlements	Merriment Rural Investments Pty Ltd	1,180 ML
Entitlement Certificate No 307 for water held by Jemalong Irrigation Ltd	500 general security entitlements	Merriment Rural Investments Pty Ltd	500 ML
WAL1995	Regulated River (General Security)	Merriment Rural Investments Pty Ltd	4138 units
Total			**6,798ML**

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SCHEDULE 2 – Water Supply Lease

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Water Lease

TALBOTSAYER

Water Lease

Date

Parties

Name	Duxton Water
ACN	611 976 517
Short form name	**Lessor**
Notice details	c/o Max Toovey, 7 Pomona Road, Stirling SA 5152
Notice email	Max.toovey@duxtonam.com

Name	Merriment Rural Investments
ACN	129 249 243
Short form name	**Lessee**
Notice details	c/o Tony Hamilton, 107 Wingewarra Street, Dubbo NSW 2830
Notice email	tony@merriment.com.au

Reference Schedule

1.	Commencement Date	30 September 2016
2.	Expiry Date	30 June 2023
3.	Rent	$186,945 per annum
4.	Payment Period	$46,956.25 Quarterly
5.	Bank Guarantee	Nil

6. Water Entitlements

Identifier	Area	Volume (ML)	Priority	Authority
Entitlement Certificate No 306		1,180	General Security	Jemalong Irrigation Ltd
Entitlement Certificate No 307		500	General Security	Jemalong Irrigation Ltd
Entitlement Certificate No 331		157	General Security	Jemalong Irrigation Ltd
Entitlement Certificate No 363		226	General Security	Jemalong Irrigation Ltd
Entitlement Certificate No 332		597	General Security	Jemalong Irrigation Ltd
WAL1995		4,138	General Security	Lachlan Valley

7.	Option	Term	5 years
		Percentage	5.5% of Current Market Value

8.	Territory	New South Wales

Agreed terms

1. Grant of Lease

The Lessor grants to the Lessee the rights set out in this Lease for the Term. The Lessee acknowledges that this Lease grants to the Lessee exclusive use and benefit of the Water Entitlements during the Term.

2. Term and Commencement

(a) The Term commences on the Commencement Date and expires on the Expiry Date subject to the provisions of this Lease.

(b) The Expiry Date is the date stated in Item 2 of the Reference Schedule, unless varied by clause 14.

3. Rent

3.1 Rent

(a) The Rent is specified in Item 3 of the Reference Schedule.

(b) The Rent for each Water Year will be apportioned equally between each Payment Period which forms part of that Water Year.

(c) The Lessee must pay the portion of the Rent attributable to each Payment Period to the Lessor by the last Business Day before the first day of each Payment Period.

(d) If the Lessee does not make a payment on time, then it must pay to the Lessor, on demand, interest on the unpaid Rent calculated on daily balances at the Default Interest Rate.

3.2 Payment of Rent is an unconditional obligation

The Lessee must pay the Rent in accordance with the Lease, whether or not:

(a) the Lessee actually takes or uses or has access to any water available under the Water Entitlements or Water Allocations; or

(b) there is any volume of water available under the Water Entitlements or the Water Allocations in any given Water Year or Payment Period.

3.3 Costs and Outgoings

The Lessor and Lessee shall each pay their own costs relating to this Lease. However, the Lessee shall pay to the Lessor on demand:

(a) all costs or fees associated with the registration or revocation of any Term Transfers of the Water Entitlements, or the assignment or transfer of any Water Allocations, which are required or authorised by this Lease;

(b) all Outgoings which the Lessor is liable to pay, and in the last year of the Term, the Lessor's reasonable estimate of any Outgoings which will be payable up to the end of the Term;

(c) all duty on or arising from this Lease or any transaction required under this Lease (including penalties and fines, other than penalties and fines due to the default of the Lessor); and

(d) all the Lessor's legal costs, reasonable administration costs and other costs (on a full indemnity basis) for:

(i) the default by the Lessee in observing or performing any obligations contained or implied in this Lease;

(ii) any application for consent required under this Lease (whether or not the consent is given);

(iii) any proposed assignment of, or other dealing with this Lease (whether or not the assignment or other dealing occurs); and

(iv) any surrender or termination of this Lease prior to the Expiry Date.

3.4 No set-off or counter-claim

The Lessee's obligations to pay Rent and any other payments required under this Lease are absolute and unconditional. The Lessee shall not abate, set-off, reduce or make any counter-claim against Rent or other payments owing under this Lease.

4. Benefit of Water Entitlements

4.1 Term Transfer

Where the Water Entitlements and Water Regulations permit a Term Transfer of the Water Entitlements, for each Water Year of the Term:

(a) once the Lessee has paid the Rent for the first Payment Period of the Water Year, the parties must use all reasonable endeavours to promptly complete, execute and lodge all necessary forms in advance of the commencement of that Water Year to facilitate the Term Transfer of the Water Entitlements for that Water Year; and

(b) if any Term Transfer under clause 4.1(a) did not come into effect until after the commencement of that Water Year, the parties must use all reasonable endeavours to promptly complete, execute and lodge all necessary forms to transfer any Water Allocations which were issued to the Lessor's account for that Water Year to the Lessee's account; and

(c) The Lessor and Lessee must apply, if necessary, at the Lessee's cost, to amend the nominated water supply work under section 71W of the Water Act so as to allow the Lessee to use the Water Entitlements for the use required by the Lessee.

4.2 Where Term Transfer not possible

Where the nature of the Water Entitlements or Water Regulations is such that a Term Transfer of the Water Entitlements is not possible, then subject to the Lessee not being in breach of any of its

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obligations under this Lease, the parties must use all reasonable endeavours to complete, execute and lodge all necessary forms to assign or otherwise transfer any Water Allocations to the Lessee promptly after they are declared.

4.3 Mortgagee's Consent

The Lessor must procure from any mortgagee or other persons holding an interest in the Water Entitlements, such consents to confirm the consent of the mortgagee to this Lease and/or such consents necessary to enable registration of the Term Transfer referred to in clause 4.1.

5. Bank guarantee – Not applicable

6. Use of Water

6.1 Statutory Framework for Lease

The Lessor and the Lessee acknowledge that the performance of this Lease and the rights and obligations under this Lease are governed by, and subject to, the following:

(a) the Water Regulations; and

(b) the conditions on the Water Entitlements.

6.2 No Warranty by Lessor

The Lessee acknowledges and agrees with the Lessor that (otherwise than as is expressly contained in this Lease) no promise, representation, warranty or undertaking has been given by or on behalf of the Lessor:

(a) that the volume of the Water Entitlements (or any part of it) will be declared or available to the Lessee;

(b) about the quality of water or management of water within the Regulated Area;

(c) about the manner of storage or release of water in the Regulated Area; or

(d) that water within the Regulated Area or available under the Water Entitlements is potable or suitable for any purpose (whether or not it is a purpose to which Lessor knows the Lessee may put the water).

6.3 Compliance with Laws and requirements

The Lessee must:

(a) comply with and observe at the Lessee's cost all Laws and requirements of Authorities relating to or affecting the Water Entitlements or Water Allocations, including the Water Regulations, whether or not those Laws or requirements are addressed to or required to be complied with by either or both of Lessor and the Lessee or by any other person;

(b) immediately provide a complete copy to the Lessor of any requirements of Authorities notified to or served on the Lessee concerning the Water Entitlements;

(c) obtain, maintain, comply with and observe at the Lessee's cost all consents, licences or approvals from all Authorities which may from time to time be necessary or appropriate for the Lessee's business and/or the Lessee's use of water under the Water Allocations; and

(d) not, by any act or omission, cause or permit any event or circumstance to occur which will or could lead to the forfeiture of or any change to the Water Entitlements which would adversely affect the Lessor.

6.4 Lessor's rights if Lessee fails to comply

The Lessor may (without prejudice to any of the Lessor's other rights for non compliance) elect, at the Lessee's cost, to comply either wholly or partly with any Laws or requirements which the Lessee is required to comply with and observe under this Lease, including where the Lessee fails to comply within the appropriate time with any of the Lessee's obligations.

7. Lessor's and Lessee's Rights and Obligations

7.1 Quiet enjoyment

The Lessee may use the Water Entitlements without interruption by the Lessor or any person claiming through the Lessor, subject to the Lessor's rights and to the Lessee complying with the Lessee's obligations under this Lease.

7.2 Lessor's representations and warranties

(a) The Lessor must:

(i) promptly, when asked by the Lessee, do everything reasonably necessary to enable the Lessee to exercise its rights under this Lease;

(ii) comply on time with undertakings it has given or which have been given on its behalf in connection with this Lease; and

(iii) not do anything that could cause the Water Entitlements to be cancelled or suspended;

(iv) promptly give to the Lessee copies of all notices received from any authority in relation to the Water Entitlements; and

(v) promptly and on time pay all fees and charges for which it is responsible under this Lease; and

(b) The Lessor represents and warrants that it has the power to enter into and comply with its obligations under this Lease.

(c) The Lessor must, at the Lessee's cost, and without relieving the Lessee from any of its obligations under clause 6.3:

(i) comply with the conditions attached to the Water Entitlements;

(ii) comply with the requirements of all authorities in connection with the Water Entitlements; and

(iii) comply with the Water Act and all associated regulations and policy and rules in relation to the Water Entitlements.

8. Assignment or dealings

8.1 No disposal of Lessee's interest

(a) The Lessee shall not (and shall not commence or attempt to) assign, grant any rights over or otherwise transfer, dispose of or deal with this Lease, the Water Entitlements or any part of them, unless the Lessee has obtained the Lessor's consent, which the Lessor may withhold at its absolute discretion.

(b) For the avoidance of doubt, nothing in this Lease shall limit the Lessee's ability to assign, grant any rights over or otherwise transfer, dispose of or deal with any Water Allocations which have been transferred to the Lessee's account.

8.2 Change in corporate ownership

If the Lessee is a corporation, any change in the shareholding or composition of the board of directors altering the Control of one half or greater of the shares of the corporation is deemed an assignment of this Lease which requires the Lessor's consent, which the Lessor may withhold at its absolute discretion.

8.3 Mortgaging Lessee's interest in Water Entitlements

The Lessee shall not mortgage, charge or otherwise encumber this Lease or the Lessee's interest in this Lease or the Water Entitlements without first obtaining the written consent of the Lessor, which consent shall not be unreasonably withheld where the credit provider enters into an agreement with the Lessor upon terms and conditions reasonably satisfactory to the Lessor.

8.4 Caveat

The Lessee will not lodge, and will not allow the lodgement of, any caveat over or in respect of the Water Entitlements.

8.5 Assignment by the Lessor

The Lessor may assign its rights and obligations under this Lease to any person.

9. Exclusion of Liability

9.1 Risk and Release of Lessee

The Lessee acknowledges and agrees that this Lease relates to the Water Entitlements and therefore:

(a) the rights of the Lessee to take water under the Water Entitlements is subject to the Water Regulations, the terms and conditions of which may change from time to time;

(b) during the Term, the Water Entitlements shall be at the sole risk of the Lessee and subject only to clause 9.3 the Lessee bears the risks of changes to the Water Regulations or the conditions applying to the Water Entitlements; and

(c) the Lessee, to the full extent permitted by law, releases the Lessor and its agents, employees, managers and contractors from and they will not be liable for any Claim that the Lessee or any person in any way involved in taking or using water available under this Lease or any person claiming by, through or under the Lessee may incur or make or any which arises from:

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(i) the availability or non availability of any water to be taken under the Water Entitlements or Water Allocations due to seasonal conditions

(ii) any inability on the part of the Lessee to exercise any rights to take water available under the Water Entitlements or Water Entitlements;

(iii) any matter for which the Lessor makes no promise or representation or gives no warranty or undertaking under this Lease or for which the Lessee has disclaimed the benefits of any promise, representation, warranty or undertaking by the Lessor.

9.2 Indemnity

The Lessee indemnifies and shall keep indemnified the Lessor and its agents, employees, managers and contractors against all Claims for which the Lessor shall or may be or become liable, whether during or after the Term, for, arising from or contributed to by any act, neglect, default or omission of the Lessee or any person in any way involved in the taking or use of any water under the Water Entitlements or any other person claiming through or under the Lessee other than those claims which arise as a result of a breach of this Lease by the Lessor or the negligence of the Lessor, its employees, agents or contractors.

9.3 Abatement

(a) The parties agree that should the Water Entitlements the subject of this Lease suffer any reduction in Volume (other than that caused by the negligence, breach of Law, or breach of this Lease by the Lessee) due to any change in Water Regulations or conditions applying to the Water Entitlements or any other change in law, then the Rent shall be reduced by the same proportion as the reduction of Volume represents of the total aggregate Volume of all the Water Entitlements.

(b) The Lessee acknowledges and agrees that it shall have no Claim against the Lessor in relation to any change in the Water Regulations or conditions applying to the Water Entitlements or any other change in law other than under this clause 9.3.

10. Default and termination

10.1 Events of Default

An event of default shall have occurred (**Event of Default**) where:

(a) any Rent, interest or any other amount or any part of it payable by the Lessee under this Lease remains unpaid for a period exceeding 14 days, whether or not formal or legal demand for payment has been made;

(b) the Lessee or some person on behalf of the Lessee has given notice to the Lessor or a person on behalf of the Lessor that any Rent, interest or any other amount payable by the Lessee under this Lease will not be paid or will not be paid in full within 14 days of becoming due;

(c) contrary to the provisions of this Lease:

(i) the Lessee assigns, charges, grants any right over or otherwise disposes or deals with this Lease or the Water Entitlements or any part of them; or

(ii) an event occurs for the corporate ownership of the Lessee which this Lease deems to be a breach of the Lessee's obligation not to assign its interest in this Lease;

(d) the Lessee becomes affected by an Insolvency Event;

(e) the Lessee breaches a provision of this Lease and has not remedied that breach within 14 days of service of notice of the breach from the Lessor.

10.2 Termination of Lease

If an Event of Default has occurred, the Lessor may, without prejudice to any other Claim which the Lessor has or may have or could otherwise have against the Lessee, any guarantor or any other person for that Event of Default, at any subsequent time, provided that all Events of Default have not been remedied, do the following:

(a) Give the Lessee thirty (30) days' notice specifying the default and requiring that the default (if capable of remedy) be remedied on a date no less than the date 30 days after the notice is served on the Lessee; and

(b) If after the notice period specified in a notice given under clause 10.2(a), the default is not remedied, the Lessor may:

(i) revoke any Term Transfer and take and deal with the Water Entitlements;

(ii) terminate this Lease; and

(iii) recover from the Lessee any loss suffered by the Lessor as a result of the Lessee's default.

10.3 Damages for breach of essential conditions

(a) The parties agree that if any of the events referred to in clauses 10.1(a), 10.1(b), 10.1(c), or 10.1(d) occur, there shall have been a breach by the Lessee of a fundamental and essential condition in this Lease, amounting to a repudiation of this Lease by the Lessee.

(b) In addition to the rights of action and remedies of the Lessor referred to in this clause or otherwise, where the Lessor has determined this Lease upon a breach by the Lessee of a fundamental and essential condition in this Lease having occurred, the Lessee shall pay to the Lessor the difference between all Rent and other money payable by the Lessee for the balance of the Term had it not been determined and the amount (if any) which the Lessor does receive or reasonably anticipates (at the time when the Lessor makes a claim for damages under this sub clause or, if litigation proceeds to judgment in favour of the Lessor, at the time of the judgment) that it will receive during the period of the balance of the Term from other lessees of the Water Entitlements.

10.4 Lessor may rectify

The Lessor may, but shall not be obliged to, remedy at any time without notice any default by the Lessee under this Lease, and all reasonable costs incurred by the Lessor (including, without limitation, legal costs) in remedying a default shall constitute a liquidated debt owed by the Lessee to the Lessor and shall be paid by the Lessee to the Lessor on demand.

10.5 Benefit of Lessee's obligations

If any person other than the Lessor becomes entitled to receive the Rent either by operation of law or otherwise:

(a) that person shall have the benefit of all obligations on the part of the Lessee under this Lease; and

(b) the Lessee at the cost of the Lessor shall enter into any document with that other person in this regard which the Lessor may reasonably require.

11. Carryover and residual water

11.1 Carryover water

(a) Where any of the Water Allocations are entitled to be carried over to the next Water Year, the Lessee must not relinquish any of those Water Allocations unless it has first given written notice to the Lessor of its intention to do so, and the volume of the Water Allocations that it will be relinquishing, at least 20 Business Days before the end of the Water Year.

(b) If the Lessor receives a notice under clause 11.1(a), the Lessor may, within 10 Business Days of receiving the notice, give the Lessee a written notice requiring that the Lessee transfer the Water Allocations that the Lessee notified it intended to relinquish to an account nominated by the Lessor before the end of the Water Year. Notwithstanding anything else within this document, all fees payable to Authorities relating to the transfer of these Water Allocations to the Lessor are to be borne by the Lessor.

11.2 Residual water where Lease is terminated due to Lessee's default

(a) If this Lease is terminated due to any breach or default by the Lessee, any unused Water Allocations at the date of the termination of this Lease (**Residual Water**) will become the property of the Lessor. If any other water allocations have been made to the Lessee's account as a result of water entitlements other than the Water Entitlements (**External Water Allocations**), the Lessee will be considered to have exhausted the allocations from the External Water Allocations first.

(b) The Lessee must do anything and execute any document necessary to transfer any Residual Water to an account nominated by the Lessor.

12. Power of Attorney

12.1 Persons appointed as Lessee's attorney

The Lessee irrevocably appoints the Lessor and each director of the Lessor, jointly and each of them severally, to be the attorney of the Lessee to:

(a) where the Law requires the Lease or any dealing related to the Water Entitlements to be recorded in a register, to sign a document in registrable form on the same terms and conditions contained in this Lease subject to any modifications required by Law, including the form of the document; and

(b) act, after the power to forfeit or terminate contained in this Lease shall have become exercisable (sufficient proof of which shall be a statutory declaration to that effect by or on behalf of the Lessor), to execute (where applicable):

(i) a surrender of any Term Transfer of the Water Entitlements;

(ii) an assignment, transfer, or trade of any Residual Water; and

(iii) any other document necessary to return complete legal and beneficial ownership in the Water Entitlements and Residual Water to the Lessor.

12.2 Lessee ratifies and confirms

The Lessee promises in favour of the Lessor and any attorney of the Lessee under this clause to:

(a) ratify and confirm whatever the attorney appointed under this Lease shall lawfully do or cause to be done for the Water Entitlements or this Lease; and

(b) pay to the Lessor on demand the amount of any costs or other liabilities incurred by or on behalf of the Lessor or the attorney appointed under this Lease in the exercise of the powers referred to in this clause.

12.3 Unpaid costs

If the Lessee does not pay to the Lessor on demand the amount of any costs or other liabilities incurred by or on behalf of the Lessor or any attorney appointed under this Lease in the exercise of the powers referred to in this clause, the provisions of this Lease relating to the payment of interest on unpaid Rent shall apply for that unpaid amount from the date of demand until payment is made to the Lessor.

13. GST

13.1 Definitions

Any terms capitalised in this clause 13 and not already defined in clause 18.1 have the same meaning given to those terms in the GST Act.

13.2 GST exclusive

Except under this clause 13, the consideration for a Supply made under or in connection with this document does not include GST.

13.3 Taxable Supply

If a Supply made under or in connection with this document is a Taxable Supply, then at or before the time any part of the consideration for the Supply is payable:

(a) the Recipient must pay the Supplier an amount equal to the total GST for the Supply, in addition to and in the same manner as the consideration otherwise payable under this document for that Supply; and

(b) the Supplier must give the Recipient a Tax Invoice for the Supply.

13.4 Later GST change

For the avoidance of doubt, the GST payable under clause 13.3 is correspondingly increased or decreased by any subsequent adjustment to the amount of GST for the Supply for which the Supplier is liable, however caused.

14. Option to extend the Term

14.1 Grant of option

If an Option Term is specified in the Item 7 of the Reference Schedule, the Lessor grants the Lessee the option to extend the Term for the Option Term on the terms set out in this clause 14.

14.2 Option to extend the Term

(a) If the Lessee wishes to exercise its option to extend the Term, it must notify the Lessor in writing no more than six and no less than four months before the Expiry Date that it wishes to exercise the option to renew and Current Market Rent will be determined in accordance with clause 14.2(b) below.

(b) If the Lessor receives notice under clause 14.2(a), the parties must take all action necessary to determine the Current Market Value of the Water Entitlements and give the Lessee written notice of the Current Market Rent of the Water Entitlements at least three months before the Expiry Date.

14.3 Exercise of Option

(a) The Lessee may exercise its option to extend the Term by giving the Lessor, within 20 Business Days of receiving a notice from the Lessor under clause 14.2(b), a written notice that the Lessee wishes to exercise its option to extend the Term.

(b) If the Lessee exercises its option to extend the Term in accordance with clause 14.3(a), any notice issued under clause 15.2(a) lapses, and the Lessee will not be entitled to exercise any option to purchase under clause 15 until the final six months of the extended Term.

14.4 Variations if option to extend the Term is exercised

If the Lessee exercises the option to extend the Term for the Option Term, the terms and conditions of the Lease will remain the same, save for:

(a) the Rent for the period commencing at the start of the Option Term will be varied to be the Current Market Rent determined by the Lessor in accordance with clause 14.2(a);

(b) the Expiry Date will be varied to the end of the Option Term; and

(c) this clause will be deleted.

15. Option to purchase

15.1 Grant of option

The Lessor grants the Lessee the option to purchase the Water Entitlements free from encumbrances on the terms set out in this clause 15.

15.2 Option to purchase

(a) If the Lessee wishes to exercise its option to purchase the Water Entitlements, it must notify the Lessor in writing no more than six and no less than four months before the Expiry Date that it wishes to exercise the option to purchase and Current Market Value will be determined accordance with clause 15.2(b) below.

(b) If the Lessor receives notice under clause 15.2(a), the parties must take all action necessary to determine the Current Market Value of the Water Entitlements and give the Lessee written notice of the Current Market Value of the Water Entitlements at least three months before the Expiry Date

15.3 Exercise of option

(a) The Lessee may exercise its option to purchase the Water Entitlements by giving the Lessor, within 20 Business Days of receiving a notice from the Lessor under clause 15.2(b):

(i) written notice that the Lessee wishes to exercise its option to purchase the Water Entitlements;

(ii) the Water Sale Agreement (in duplicate), duly completed and executed by the Lessee, with:

(A) the purchase price inserted to be the Current Market Value; and

(B) the effective date inserted to be the date after the Expiry Date; and

(iii) a bank cheque for the deposit under the Water Sale Agreement, being 10% of the Current Market Value.

(b) If the Lessee validly exercises the option to purchase the Water Entitlements, the Lessor must complete and otherwise execute the accompanying Water Sale Agreement in duplicate and deliver one copy of the executed Water Sale Agreement to the Lessee within 5 Business Days.

(c) If there has been a change in law or a change relating to the identification or nature of the Water Entitlements since the date of this Lease that would make the Water Sale Agreement unenforceable or ineffective to convey the Water Entitlements, the parties must use their best endeavours to make any necessary amendments to the Water Sale Agreement in order to ensure that it is enforceable and effective to convey the Water Entitlements.

(d) If the Lessee exercises its option to purchase the Water Entitlements in accordance with clause 15.3(a), any notice issued under clause 14.2(a) lapses, and the Lessee will not be entitled to exercise any outstanding option to extend the Term under clause 14.

16. Right of First Refusal

16.1 Should the Lessee have not have exercised their option to renew and/or their option to purchase under clauses 14 and 15 above then the Lessor covenants with the Lessee not to sell or lease or agree to sell or lease the Water Entitlements to any person other than the Lessee unless:

(a) the Lessor has first offered in writing to sell or lease the Water Entitlements to the Lessee at a price not greater than the price at which the Water Entitlements are actually sold or leased or agreed to be sold or leased and upon terms as to payment that are otherwise not less favourable to the Lessee than the terms upon which the said Water Entitlements are actually sold or leased or agreed to be sold or lease, and the Lessee has not accepted that offer within fourteen days after receipt of that offer;

(b) the Lessee has rejected an option to extend the Term of the Lease for the Current Market Rent under clause 14, and the Lessee leases the Water Entitlements on terms as to payment that are no more favourable to the new lessee than those rejected by the Lessee;

(c) the Lessee has rejected an option to purchase the Water Entitlements for the Current Market Value under clause 15, and the Lessor sells the Water Entitlements on terms as to payment no more favourable to the purchaser than those rejected by the Lessee; or

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(d) the Lessor sells the Water Entitlements by public auction after notifying the Lessee of the time and location of the public auction.

16.2 Nothing in this covenant shall be construed as prohibiting the Lessor from entering into a contract to sell or lease the Water Entitlements to any person conditionally upon the Lessee's rejection of any offer of sale or lease or both of the Water Entitlements made in accordance with this condition.

16.3 This clause shall apply during the term of this Lease and for a period of six months after the Expiry Date of this Lease or any lease entered after the exercise of an y option to renew.

17. General

17.1 Lessor's obligations

Every obligation on the part of the Lessor, shall bind the Lessor or any successor or assignee only during the periods when it is entitled to receive the Rent.

17.2 Consent of the Lessor

Unless this Lease otherwise requires, where the Lessor has a discretion or its consent or approval is required for anything, the Lessor shall be entitled to withhold or delay its decision, consent or approval without giving any reason.

17.3 Amendments

This Lease may only be amended by written agreement between all parties.

17.4 Counterparts

This document may be signed in any number of counterparts. All counterparts together make one instrument.

17.5 No merger

The rights and obligations of the parties under this document do not merge on completion of any transaction contemplated by this document.

17.6 Entire agreement

(a) This document supersedes all previous agreements about their subject matter and embodies the entire agreement between the parties.

(b) To the extent permitted by law, any statement, representation, term, warranty, condition, promise or undertaking made, given or agreed to in any manner, has no effect except to the extent expressly set out or incorporated by reference in this document.

17.7 Further assurances

Each party must take all steps, execute all documents and do everything reasonably required by the other party to give effect to any provisions of this Lease.

17.8 No waiver

(a) The failure of a party to require full or partial performance of any provision of this document does not affect the right of that party to require that performance subsequently.

(b) A single or partial exercise of or waiver of the exercise of any right, power or remedy does not preclude any other or further exercise of that or any other right, power or remedy.

(c) A right under this document may only be waived in writing signed by the party granting the waiver, and is effective only to the extent specifically set out in that waiver.

17.9 Governing law and jurisdiction

(a) The law of the Territory governs this document.

(b) Each party irrevocably submits to the non-exclusive jurisdiction of the Territory's courts and courts competent to hear appeals from those courts.

17.10 Severability

(a) A clause or part of a clause of this document that is illegal or unenforceable may be severed from this document and the remaining clauses or parts of the clause of this document continue in force.

(b) If any provision is or becomes illegal, unenforceable or invalid in any jurisdiction, it is to be treated as being severed from this document in the relevant jurisdiction, but the rest of this document will not be affected.

17.11 Notice

(a) A notice, consent or communication under this document is only effective if it is:

(i) in writing, signed by or on behalf of the person giving it;

(ii) addressed to the person to whom it is to be given; and

(iii) given as follows:

(A) delivered by hand to that person's address;

(B) sent to that person's address by prepaid mail or by prepaid airmail, if the address is overseas; or

(C) sent to that person's email address and no 'bounce back' message was received by the sender.

(b) A notice, consent or communication delivered under this clause 17.11 is given and received:

(i) if it is hand delivered:

(A) by 5.00pm (local time in the place of receipt) on a Business Day – on that day; or

(B) after 5.00pm (local time in the place of receipt) on a Business Day, or on a day that is not a Business Day – on the next Business Day; and

(ii) if it is sent by post:

(A) within Australia – three Business Days after posting; or

(B) to or from a place outside Australia – seven Business Days after posting.

(iii) if it is sent by email, at the time it is received in the recipient's inbox.

(c) A person's address is as set out at the commencement of this document or as the person notifies to the other party or parties at any time in writing.

(d) A notice, consent or communication must be in writing and may be signed by the party giving it, by that party, or by that party's lawyer.

17.12 Time is of the essence

Time shall be of the essence of this Lease in relation to the performance by the Lessee of its obligations under this Lease.

18. Defined terms and interpretation

18.1 Defined terms

In this document:

Authority	means any Court, or any state or federal government, local government, statutory or public authority, instrumentality, body, Irrigation Infrastructure Operator or any other person having jurisdiction over the Water Entitlements or Water Allocations, or anything relating to the Water Entitlements or Water Allocations.
Bankruptcy Act	means the *Bankruptcy Act 1966* (Cth).
Business Day	means a day that is not a Saturday, Sunday or public holiday in Adelaide, South Australia.
Claim	means any claim, action, proceeding or demand, however it arises and whether it is present or future, fixed or unascertained, actual or contingent.
Commencement Date	means the commencement date of the Term being the date specified in Item 1 of the Reference Schedule and as provided for in clause 2.
Control	has the meaning given in the Corporations Act.
Corporations Act	means *Corporations Act 2001* (Cth).
Current Market Rent	means an amount per annum equal to the Option Percentage of the Current Market Value of the Water Entitlements determined in accordance with the Current Market Review.
Current Market Value	means the current market of the value of the Water Entitlements determined by the following: (a) as agreed between the parties; or (b) if the Lessor and Lessee do not agree on the amount of the Current Market Value within fourteen days of the Lessee giving the Lessor a notice under clause 14.2(a) or 15.2(a) of this Lease then the Current Market Value will be decided by an independent valuer, which must be appointed and conduct the valuation as follows: (i) if the Lessee and Lessor agree upon an independent valuer to be appointed, that valuer; or (ii) if the parties cannot agreed upon a valuer, they can ask

the President of the Law Society of New South Wales to nominate a person who is a licensed valuer;

(iii) the independent valuer must value the Water Entitlements on the basis of the dollars per ML paid for arm's length market transfers of similar water entitlements over the past year;

(iv) the Lessor and Lessee can each make submissions in writing to the valuer within fourteen days after they receive notice of the valuer's appointment;

(v) the valuer must provide a report stating how the decision was reached;

(vi) the Lessor and Lessee will each pay half of the valuer's costs in relation to the valuation.

Default Interest Rate means the Reserve Bank of Australia cash rate plus 3% per annum.

End of the Term means the end of the Term, whether arising through termination of this Lease through effluxion of time or otherwise.

Expiry Date means the expiry date of the Term, being the date specified in Item 2 of the Reference Schedule.

GST Act means *A New Tax System (Goods and Services Tax) Act 1999* (Cth), or, if that Act does not exist for any reason, means any Act imposing or relating to the imposition or administration of a goods and services tax in Australia and any regulation made under that Act.

Insolvency Event in relation to a party means any of the following events concerning a party, unless the events take place as part of a solvent reconstruction, amalgamation, merger or consolidation:

(a) if an administrator, liquidator, receiver, receiver and manager or other controller (as defined in the Corporations Act) is appointed to, or over, any of the property or undertaking of the party;

(b) if an order is made or an effective resolution is passed for the winding up or dissolution of the party without winding up;

(c) if the party is made bankrupt, declared bankrupt or files a petition for relief under bankruptcy laws;

(d) if the party dies or is, or is declared to be incompetent or unable to conduct his or her affairs;

(e) if the party or the party's property or undertaking becomes subject to a personal insolvency arrangement under part X Bankruptcy Act or a debt agreement under part IX Bankruptcy Act;

(f) if the party is unable to pay its debts as and when they fall due or has stopped or suspended, or threatened to stop or suspend, payment of all or a class of its debts;

(g) if the holder of an Encumbrance takes possession of the whole or substantial part of the undertaking or property of the party; or

(h) if any event happens in Australia or any other country or territory in respect of a party that is similar to any of the events or circumstances referred to in this definition.

Irrigation Infrastructure Operator	means any corporation specified as the "Authority" for any of the Water Entitlements in item 6 of the Reference Schedule.
Law	means: (a) the principles of law or equity established by decisions of Australian courts; (b) any legislation, statutes, acts, rules, orders, regulations, by-laws, local laws, policies or ordinances which are enacted, issued or promulgated by the State, a Minister, the Chief Executive under the Water Act, a corporation or authority constituted for a public purpose or a local authority; and (c) requirements made or arising under or under any of the matters referred to in paragraphs (a) or (b) above.
Lease	means this document.
ML	means megalitre, or one million litres.
Option Percentage	means the percentage (if any) specified at item 7 of the Reference Schedule.
Option Term	means the period (if any) stated in Item 7 of the Reference Schedule.
Outgoings	means all costs and liabilities incurred by the Lessor which are associated with or otherwise incidental to owning or holding the Water Entitlements or the Water Allocations, or the taking of water under the Water Allocations by the Lessee, including any costs associated with holding shares in, comply with the rules of, or receiving water allocations from any Irrigation Infrastructure Operator.
Payment Period	means the period stated in Item 4 of the Reference Schedule.
Regulated Area	means the area to which each of the Water Entitlements apply, as set out in item 6 of the Reference Schedule.
Rent	means the annual rent payable by the Lessee to the Lessor under this Lease for each Water Year, as set out in Item 3 of the Reference Schedule.
Residual Water	has the meaning set out in clause 11.2.
Term	means the term of this Lease as specified in clause 2.
Term Transfer	means the assignment, term transfer pursuant to Section 71N of the Water Act or limited term transfer of the Water Entitlements, or any other form of temporary transfer (including directions to an Irrigation Infrastructure Operator to provide the Lessee with all water allocations of the Water Entitlements for a given Water Year).
Territory	means the state or territory specified at item 8 of the Reference Schedule.
Water Act	means: (a) the *Water Management Act 2000* (NSW) for Water Entitlements

where the Regulated Area is within New South Wales; and

(b) the *Water Act 1989* (Vic) for Water Entitlements where the Regulated Area is within Victoria,

or, if an Act ceases to exist for any reason, means any Act replacing that Act for the purposes of regulating the Water Entitlements.

Water Allocation	means any water allocation (as defined in the Water Act) which the holder of the Water Entitlements is entitled to for the duration of the Term.
Water Entitlements	means the water entitlements described in Item 6 of the Reference Schedule.
Water Regulations	means the Water Act, any regulations made under that Act, the rules of any Irrigation Infrastructure Operator that apply to the Water Entitlements, and any water sharing plan, sustained water strategy, regional river health strategy, stream flow management plan, groundwater management plan or bulk entitlement that applies to the Water Entitlements.
Water Sale Agreement	means a water sale agreement on substantially the same terms as the water sale agreement entered into between the parties in July 2016 for the sale of the Water Entitlements, but excluding any water entitlements other than the Water Entitlements.
Water Year	means each separate period of 12 months (or part thereof) of the Term, commencing on 1 July and ending on 30 June.

18.2 Interpretation

In this document:

(a) a reference to a clause, schedule, annexure or party is a reference to a clause of, and a schedule, annexure or party to, this document and references to this document include any schedules or annexures;

(b) a reference to a party to this document or any other document or agreement includes the party's successors, permitted substitutes and permitted assigns;

(c) if a word or phrase is defined, its other grammatical forms have a corresponding meaning;

(d) a reference to a document or agreement (including a reference to this document) is to that document or agreement as amended, supplemented, varied or replaced;

(e) a reference to this document includes the agreement recorded by this document;

(f) a reference to legislation or to a provision of legislation (including subordinate legislation) is to that legislation as amended, re-enacted or replaced, and includes any subordinate legislation issued under it;

(g) if any day on or by which a person must do something under this document is not a Business Day, then the person must do it on or by the next Business Day;

(h) a reference to a person includes a corporation, trust, partnership, unincorporated body, government and local authority or agency, or other entity whether or not it comprises a separate legal entity;

(i) a reference to 'month' means calendar month;

(j) this document is not to be interpreted against the interests of a party merely because that party proposed this document or some provision in it or because that party relies on a provision of this document to protect itself;

(k) a reference to a day is to be interpreted as the period of time commencing at midnight and ending 24 hours later;

(l) a reference to '$' or 'dollar' is to Australian currency;

(m) the meaning of any general language is not restricted by any accompanying example, and the words 'includes', 'including', 'such as' or 'for example' (or similar phrases) do not limit what else might be included.

Signing page

EXECUTED as a deed

Executed by **Lessor:**

Signature of director	Signature of director/company secretary (Please delete as applicable)
Name of director (print)	Name of director/company secretary (print)

Executed by **Lessee:**

Signature of director	Signature of director/company secretary (Please delete as applicable)
Name of director (print)	Name of director/company secretary (print)

Certificates

12 July 2016

CBRE Valuations

Attention: Michael Mobilio

Dear Michael

Merriment Rural Investments Water Transaction

I refer to our discussions regarding the sale agreement between Duxton Water Ltd and Merriment Rural Investment (MRI). The email correspondence attached to this letter between Leah Cowell from Cowell Clarke and Neil Toole from Jemalong Irrigation Ltd (JIL) resolves the issue of the quantity of water owned by MRI.

Mr Toole quotes the JIL register for water owned by MRI as follows:

From: Jemalong Irrigation Limited [mailto:jil@westserv.net.au]
Sent: Monday, 30 May 2016 2:10 PM
To: Leah Cowell <LCowell@CowellClarke.com.au>
Subject: RE: Contact From JIL website - confirmation of Merriment Rural Investment Pty Ltd holding in JIL [CC-MATTER.FID145393]

Leah,
our current register reflects the following;

Entitlement Certificate No.	No. of Shares	General Security Entitlements	Stock & Domestic Entitlements	High Security Entitlements	Tot. Water Entitlements	Delivery Entitlements	Holding Reference	Registered Owner
396	1,188	1,188	0		1188	1188	J26C	Merriment Rural Investments Pty Ltd
397	500	500	0		500	500	J26c	Merriment Rural Investments Pty Ltd
320	0		0		0	0	J24	Merriment Rural Investments Pty Ltd
363	450	220	0		234	450	J24F	Merriment Rural Investments Pty Ltd
351	165	167	0		165	165	J24B	Merriment Rural Investments Pty Ltd
332	505	507	0		505	505	J24E	Merriment Rural Investments Pty Ltd

Regards,
Neil Toole
General Manager
Jemalong Irrigation Limited
PO Box 520 Forbes NSW 2871
Phone 02 6857 4201
Fax 02 6857 4267
Mobile 0415 559788
jil@westserv.net.au

As such, along with the LPI water searches, Duxton Water is satisfied that MRI owns the water outlined in the sale agreement.

Max Toovey

Signed: .....

12 / 12 / 2015

31081781v1

From: [redacted]
To: [redacted]
Subject: [redacted]
Date: [redacted]

As discussed

Regards,
Neil Tickle
General Manager
Jemalong Irrigation Limited
PO Box 520 Forbes NSW 2871
Phone 02 6857 4201
Fax 02 6857 4267
Mobile 0415 559768
[redacted]

Security Statement

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From: Jemalong Irrigation Limited [mailto:jil@westserv.net.au]
Sent: Tuesday, 7 June 2016 2:42 PM
To: 'Leah Cowell'
Subject: RE: Confirmation of Merriment Rural Investment Pty Ltd holding in JIL [CC-MATTER.FID145393]

Leah,
I have checked and reconciled our register and found that the information supplied to you by MRI is correct.

The entitlements that I have previously supplied are still current and correct.

They were supplied with new updated entitlement certificates when they purchased them

Regards,
Neil Tickle
General Manager
Jemalong Irrigation Limited
PO Box 520 Forbes NSW 2871
Phone 02 6857 4201
Fax 02 6857 4267
Mobile 0415 559768
[redacted]

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From: Leah Cowell [mailto:LCowell@CowellClarke.com.au]
Sent: Tuesday, 7 June 2016 11:30 AM
To: 'Jemalong Irrigation Limited'
Subject: Confirmation of Merriment Rural Investment Pty Ltd holding in JIL [CC-MATTER.FID145393]

Hi Neil

As discussed, it is MRI's understanding that it holds the following entitlements in JIL. Can you please check these against JIL's register?

1688 ML Jemalong Irrigation Ltd share certificate 60 (Holding 25)
165 ML Jemalong Irrigation Ltd share certificate 205 (Holding 24)
234 ML Jemalong Irrigation Ltd share certificate 204 (Holding 24)
605 ML Jemalong Irrigation Ltd share certificate 231 (Holding 24)

Thanks again

Kind regards

Leah Cowell
Lawyer

Level 5, 83 Pirie Street, Adelaide SA 5000 Australia
T: +61 8 8228 1171 F: +61 8 8228 1100
E: LCowell@cowellclarke.com.au | www.cowellclarke.com.au

From: Jemalong Irrigation Limited [mailto:jil@westnet.net.au]
Sent: Monday, 30 May 2016 7:10 PM
To: Leah Cowell <LCowell@CowellClarke.com.au>
Subject: RE: Contact From JIL website - confirmation of Merriment Rural Investment Pty Ltd holding in JIL [CC-MATTER-FID145393]

Leah,
our current register reflects the following;

Entitlement Certificate No.	No. of Shares	General Security Entitlements	Stock & Domestic Entitlements	High Security Entitlements	Tot. Water Entitlements	Delivery Entitlements	Holding Reference	Registered Owner
308	1,188	1,188	0		1188	1188	J25C	Merriment Rural Investments Pty Ltd
307	500	500	0		500	500	J25C	Merriment Rural Investments Pty Ltd
320	0		0		0	0	J24	Merriment Rural Investments Pty Ltd
363	450	226	0		234	605	J24F	Merriment Rural Investments Pty Ltd
331	188	187	0		188	185	J24B	Merriment Rural Investments Pty Ltd
332	606	597	0		606	605	J24E	Merriment Rural Investments Pty Ltd

Regards
Hall Toole
General Manager
Jemalong Irrigation Limited
PO Box 520 Forbes NSW 2871
Phone 02 6857 4201
Fax 02 6857 4067
Mobile 0415 559768
jil@westnet.net.au

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From: Leah Cowell [mailto:LCowell@cowellclarke.com.au]
Sent: Monday, 30 May 2016 2:05 PM
To: "jil@westnet.net.au"
Subject: Contact From JIL website - confirmation of Merriment Rural Investment Pty Ltd holding in JIL [CC-MATTER-FID145393]

Dear Hall

Thank you for our discussion just now regarding the correct description of Merriment Rural Investments Pty Ltd's holding in JIL. I understand from our discussion

that the certificates held by Merriment Rural Investments Pty Ltd are more correctly described as "share and entitlement certificates", and not "share certificates".

Please find below the certificate numbers provided to us by Merriment Rural Investments Pty Ltd. Can you please confirm that these are all correct?

- 1688 ML Jerrialong Irrigation Ltd share and entitlement certificate 68 (Holding 25)
- 165 ML Jerrialong Irrigation Ltd share and entitlement certificate 305 (Holding 24)
- 234 ML Jerrialong Irrigation Ltd share and entitlement certificate 204 (Holding 24)
- 605 ML Jerrialong Irrigation Ltd share and entitlement certificate 251 (Holding 24)

Thanks

Kind regards

Leah Cowell
Lawyer

Level 5, 63 Pirie Street, Adelaide SA 5000 Australia
T: +61 8 8228 1171 F: +61 8 8228 1100
E: LCowell@cowellclarke.com.au I www.cowellclarke.com.au



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If you have received this e-mail in error, please reply to us immediately and delete the document.

SAI GLOBAL

Order number: 37883948
Your Reference: MM/AGRI/WATER
12/07/16 16:44

LAND AND PROPERTY INFORMATION NEW SOUTH WALES - TITLE SEARCH

FOLIO: WAL1995

SEARCH DATE	TIME	EDITION NO	DATE
12/7/2016	4:44 PM	4	4/8/2010

WARNING NOTE: INFORMATION ON THIS REGISTER IS NOT GUARANTEED

TENURE TYPE: CONTINUING

HOLDER(S)

MERRIMENT RURAL INVESTMENTS PTY LTD (T AE414466)

ENCUMBRANCES (1 ENCUMBRANCE)

1 TERM TRANSFER: NIL

NOTATIONS

UNREGISTERED DEALINGS: NIL

ACCESS LICENCE DETAILS

CATEGORY: REGULATED RIVER (GENERAL SECURITY)

SHARE COMPONENT:
SHARE - 4138 UNITS
WATER SOURCE - LACHLAN REGULATED RIVER WATER SOURCE
WATER SHARING PLAN - LACHLAN REGULATED RIVER WATER SOURCE 2003

EXTRACTION COMPONENT:
TIMES/RATES/CIRCUMSTANCES - SUBJECT TO THE CONDITIONS OF THE WATER ACCESS LICENCE
EXTRACTION FROM - RIVER, LAKE OR SURFACE WATER RUNOFF
EXTRACTION ZONE - THAT PART OF THE WATER SOURCE UPSTREAM OF LAKE CARGELLIGO WEIR

NOMINATED WORKS:
WORK APPROVAL NUMBER(S) - 70CA601264
INTERSTATE TAGGING ZONE - NIL

CONDITIONS

LICENCE CONDITIONS FORM A PART OF THIS LICENCE AND AFFECT THE SHARE AND EXTRACTION COMPONENTS. CONDITION STATEMENTS ARE AVAILABLE FROM THE NSW OFFICE OF WATER (NOW).

END OF PAGE 1 - CONTINUED OVER

PRINTED ON 12/7/2016

LAND AND PROPERTY INFORMATION NEW SOUTH WALES - TITLE SEARCH

FOLIO: WAL1995 PAGE 2

NOTES

A WATER LICENCE INFORMATION SHEET IS AVAILABLE FROM THE NSW OFFICE OF WATER (NOW) AND SHOULD BE REFERRED TO IN INTERPRETING THIS LICENCE.
NOW WEBSITE WWW.WATER.NSW.GOV.AU, PHONE 1800 353 104, EMAIL INFORMATION@WATER.NSW.GOV.AU
NOW REFERENCE NUMBER: 70AL601262
PREVIOUS WATER ACT LICENCE NUMBER(S): 70SL090125.

*** END OF SEARCH ***

PRINTED ON 12/7/2016

* Any entries preceded by an asterisk do not appear on the current edition of the Certificate of Title. Warning: the information appearing under notations has not been formally recorded in the Register.
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F Water Rights Sales Agreement 5

Water Rights Sales Agreement

CowellClarke
Commercial Lawyers

DUXTON WATER LTD

DUXTON VINEYARDS WATER PTY LTD
as trustee of the Duxton Water Trust

DEED OF VARIATION – WATER RIGHTS SALE AGREEMENT

DRAFT

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THIS DEED made 2016

BETWEEN **DUXTON WATER LTD ACN 611 976 517** of c/- Tilbrook Rasheed, 13 Greenhill Road, Wayville South Australia 5034 ("**Buyer**")

AND **DUXTON VINEYARDS WATER PTY LTD ACN 609 424 786** as trustee of the Duxton Water Trust of c/- Tilbrook Rasheed, 13 Greenhill Road, Wayville South Australia 5034 ("**Seller**")

RECITALS

A. The parties executed a Water Rights Sale Agreement dated 17 June 2016 ("**WRSA**") pursuant to which the Buyer agreed to purchase 4,077 ML of Water Rights from the Seller on the terms and conditions of the WRSA.

B. Pursuant to clause 25 of the WRSA, the parties agreed that they may amend the WRSA, which they wish to do in accordance with the terms of this Deed.

IT IS AGREED

1. **Interpretation**

Any terms used in this Deed have the same meaning as in the WRSA, unless the context otherwise requires.

2. **Variation**

With effect from the date of this Deed, clauses 2.2.7, 2.2.26 and 2.2.34 of the WRSA are deleted and replaced respectively as follows:

Clause 2.2.7 "**CBRE**" means CBRE Valuations Pty Ltd ABN 15 008 912 641;

Clause 2.2.26 "**Valuation Report**", means the report prepared for the Buyer by CBRE entitled "[ ]" dated [ ] July 2016;

Clause 2.2.34 "**Water Rights Value**" means the value of the Water Rights as determined in the Valuation Report, or any updated or subsequent report prepared by CBRE at the request of the Buyer in respect of the Water Rights;

3. **WRSA to remain binding**

Other than to the extent expressly varied by this Deed, the parties confirm that the terms of the WRSA remain in full effect, unchanged and continue to be binding on the parties.

4. **General**

Clauses 19 and 21 to 30 (inclusive) of the WRSA apply to this Deed as if expressly set out in this Deed and any reference within those clauses to the WRSA is a reference to this Deed.

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EXECUTED as a deed

EXECUTED by **DUXTON VINEYARDS WATER PTY LTD ACN 609 424 786 as trustee of the Duxton Water Trust** in accordance with Section 127(1) of the Corporations Act 2001:

.....	.....
Director	Director/Secretary
.....	.....
Name (print)	Name (print)

EXECUTED by **DUXTON WATER LTD ACN 611 976 517** in accordance with Section 127(1) of the Corporations Act 2001:

.....	.....
Director	Director/Secretary
.....	.....
Name (print)	Name (print)

DRAFT

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CowellClarke
Commercial Lawyers

Duxton Vineyards Water Pty Ltd ACN 609 424 786 (formerly known as Duxton Water Pty Ltd) as trustee of the Duxton Water Trust
("Seller")

and

Duxton Water Ltd ACN 611 976 517
("Buyer")

WATER RIGHTS SALE AGREEMENT – MIL AND WMI WATER

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Adelaide, South Australia 5000
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THIS AGREEMENT made 17 day of June 2016

BETWEEN **DUXTON VINEYARDS WATER PTY LTD** ACN 609 424 786 (formerly known as Duxton Water Pty Ltd) as trustee of the Duxton Water Trust of c/- Tilbrook Rasheed of 13 Greenhill Road Wayville SA 5034 ("**Seller**")

AND **DUXTON WATER LTD** ACN 611 976 517 of c/- Tilbrook Rasheed of 13 Greenhill Road Wayville SA 5034 ("**Buyer**")

RECITALS

A. The Seller owns the Water Rights.

B. The Seller has agreed to sell to the Buyer and the Buyer has agreed to buy from the Seller the Water Rights on the terms of this Agreement.

IT IS AGREED as follows:

1. **Recitals**

The parties acknowledge the recitals are true and form part of this Agreement.

2. **Interpretation and definitions**

2.1 **Interpretation**

Unless qualified by or inconsistent with the context:

2.1.1 a reference to the singular includes the plural and vice versa;

2.1.2 headings are for convenience of reference and will not affect the interpretation of this Agreement;

2.1.3 references to any statutory enactment mean references to that enactment as amended, modified and re-enacted from time to time;

2.1.4 a reference to costs includes legal costs on a full indemnity basis;

2.1.5 a reference to a "person" includes a reference to an entity;

2.1.6 this Agreement binds the parties' respective heirs, successors, legal personal representatives, administrators and assigns;

2.1.7 the approval or consent of a party means that party's prior written approval or consent which is not to be unreasonably withheld or delayed;

2.1.8 a reference to a clause, Schedule or item is a reference to a clause or item of or schedule to this Agreement;

2.1.9 if the day on or by which a person must do something under this Agreement is not a Business Day, the person must do it on or by the next Business Day;

2.1.10 a reference to currency is a reference to Australian Dollars; and

[illegible]

2.1.11 wherever "include" or "for example" or any form of those words are used, they must be construed as if they were followed by "(without being limited to)".

2.2 Definitions

In this Agreement:

2.2.1 "**ASX**" means ASX Limited or the market it operates, as applicable;

2.2.2 "**Applicable Laws**" means:

2.2.2.1 the *Water Management Act 2000* (NSW) and *Water Act 1912* (NSW) and any regulations under those acts;

2.2.2.2 the *Water Act 2007* (Cth) and any regulations under that act;

2.2.2.3 any other statute, rule, regulation, proclamation, ordinanance, order or by-law applicable to the Water Rights; and

2.2.2.4 any water sharing rules, water sharing plans, water resource plans, trading rules, Transformation rules or the like applicable to the Water Rights;

2.2.3 "**Approvals**" means any consent or approval of an Authority which may be required to Transfer the Water Rights including:

2.2.3.1 any Ministerial approval required under s.71M, s.71P, s.71Q, s.71T or such other relevant provision of the *Water Management Act 2000* (NSW); and

2.2.3.2 Irrigation Infrastructure Operator approval required under the *Water Market Rules 2009* (Cth) and any transfer rules specific to the Irrigation Infrastructure Operator;

2.2.4 "**Authority**" means any:

2.2.4.1 department or government in any jurisdiction, whether federal, state or local;

2.2.4.2 Irrigation Infrastructure Operator which includes any private irrigation district, private irrigation trust or private irrigation company; and

2.2.4.3 any other person, authority, instrumentality or body having jurisdiction, rights, powers, duties or responsibilities in relation to the Water Rights,

and "**Authorities**" has a corresponding meaning;

2.2.5 "**Business Day**" means a day that is not a Saturday, Sunday or public holiday in South Australia and New South Wales;

2.2.6 "**Carryover Water**" means the volume of water under a Water Allocation that is not used within the Water Year and that carries over into the next Water Year;

2.2.7 "**Colliers**" means CIVAS (NSW) Pty Ltd ABN 32 168 282 728;

2.2.8 "**Cut Off Date**" means 31 August 2016 or such later date as the parties mutually agree.

2.2.9 "**Encumbrance**" includes a Security Interest, charge, lien, mortgage, caveat, preferential right, trust arrangement, agreement or other arrangement given or created as security or creating rights in favour of another person to secure the performance of any obligations;

2.2.10 "**GST**" means goods and services tax payable under the GST Law and an expression used in this Agreement in relation to GST will have the meaning used in or attributed to that expression by the GST Law from time to time;

2.2.11 "**GST Law**" has the same meaning as the definition of "GST law" in *A New Tax System (Goods and Services Tax) Act 1999* (Cth);

2.2.12 "**Insolvency Event**" means any of the following:

2.2.12.1 the threatened or actual appointment of a voluntary administrator, liquidator, provisional liquidator, receiver, receiver and manager, controller, trustee in bankruptcy, administrator or other person of similar office, including any application to a court for such an appointment;

2.2.12.2 entry into or proposing an arrangement or compromise for the benefit of creditors;

2.2.12.3 the levy or enforcement of a writ of execution, order or judgment;

2.2.12.4 becoming unable to pay debts as and when they fall due for payment;

2.2.12.5 the taking of possession or control of any asset by a person under an Encumbrance; or

2.2.12.6 failing to satisfy or to apply to have set aside a statutory demand, a bankruptcy notice or other similar form of statutory notice within the time specified in the demand or notice;

2.2.13 "**Irrigation Infrastructure Operator**" has the meaning provided in the *Water Act 2007* (Cth), and for the avoidance of doubt includes Murrumbidgee Irrigation Ltd and Western Murray Irrigation Ltd;

2.2.14 "**Irrigation Right**" means a right to water from an Irrigation Infrastructure Operator granted pursuant to a water entitlements contract or other such similar contract, being a water entitlement right and where not tied to a landholding within the district of the Irrigation

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Infrastructure Operator, shares in the Irrigation Infrastructure Operator;

2.2.15 "**Lender**" means NAB in its capacity as mortgagee of a mortgage over the Water Rights;

2.2.16 "**Lessee**" means Duxton Viticulture Pty Ltd ACN 609 424 704;

2.2.17 "**Registrar**" means either or both of:

2.2.17.1 NSW Land and Property Information; and

2.2.17.2 the Irrigation Infrastructure Operator;

2.2.18 "**Shares**" means a fully paid ordinary share in the Buyer with an issue price of $1.10;

2.2.19 "**Security Interest**" has the same meaning as defined in the *Personal Property Securities Act 2009* (Cth);

2.2.20 "**Settlement**" means settlement of the sale and purchase of the Water Rights in accordance with clause 9;

2.2.21 "**Settlement Date**" means two (2) Business Days after the conditions precedent in clause 4 have been satisfied or waived;

2.2.22 "**Supplementary Water**" means a volume of surplus water that is accessible upon announcement by an Authority on the terms of that announcement;

2.2.23 "**Term Transfer**" means the assignment, term transfer or limited term transfer of the Water Rights, or any other form of temporary transfer of the Water Rights and if such a temporary transfer is not possible, then the transfer of Water Allocation associated with the Water Rights (including directions to an Irrigation Infrastructure Operator to provide the Water Allocations associated with the Irrigation Rights to the lessee) in accordance with the terms of the Water Supply Lease;

2.2.24 "**Transfer**" means the transfer of the Water Rights from the Seller to the Buyer by way of either:

2.2.24.1 internal permanent transfer;

2.2.24.2 Transformation of the Water Rights to one or more water access licences held by the Buyer; or

2.2.24.3 a combination of the above;

2.2.25 "**Transformation**" has the meaning in section 3 of the *Water Market Rules 2009* (Cth);

2.2.26 "**Valuation Report**" means the report prepared for the Buyer by Colliers entitled "Valuation Report Water Entitlements Southern Interconnected Murray Darling Basin" dated 29 April 2016;

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2.2.27 "**Voluntary Escrow Deed**" means a voluntary escrow or restriction deed entered into by the Seller in relation to the Shares on terms acceptable to the Buyer for a period of not more than three (3) months from the first day on which the Shares commence trading on the ASX;

2.2.28 "**Water Allocation**" means the volume of water allocated by an Authority to each of the Water Rights in a Water Year and includes any Carryover Water and Supplementary Water (where applicable);

2.2.29 "**Water Broker**" means Waterfind Pty Ltd;

2.2.30 "**Water Registers**" means the New South Wales Water Access Licence Register and any relevant registers maintained by an Irrigation Infrastructure Operator;

2.2.31 "**Water Rights**" means the Irrigation Rights and other water rights and interests set out in Schedule 1 and includes any current Water Allocation (where applicable) and any additional or new Water Allocation transferred pursuant to clause 12;

2.2.32 "**Water Rights Approval Forms**" means any forms, documents and supporting information (including any current certificates) required to be submitted to an Authority to enable the Approvals to be obtained, which includes;

2.2.32.1 where the Authority is the NSW Office of Water, any notification forms or other forms required by it; and

2.2.32.2 where the Authority is an Irrigation Infrastructure Operator, all documents required by the Irrigation Infrastructure Operator;

2.2.33 "**Water Rights Registration Forms**" means any forms, documents and supporting information (including documentation evidencing the Approvals and any current certificates) submitted to a Registrar in order to register the Transfer of the Water Rights on the Water Registers;

2.2.34 "**Water Rights Value**" means the value of the Water Rights as determined in the Valuation Report or any updated or subsequent report prepared by Colliers at the request of the Buyer in respect of the Water Rights;

2.2.35 "**Water Supply Lease**" means a lease or leases entered into by the Buyer and the Lessee under which the Buyer will lease back the Water Rights to the Lessee by way of Term Transfer upon such terms as are satisfactory to the Buyer and which lease or leases commence on the Settlement Date but which are not operative (in terms of the rights to use the Water Rights or the Water Allocation available under the Water Rights) until the Transfers are registered on the Water Registers and the Water Rights are available to the Buyer to lease back to the Lessee; and

2.2.36 "**Water Year**" means any period of one year ending on 30 June.

[redacted]

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3. **Sale of Water Rights**

Subject to the provisions of this Agreement, the Seller agrees that in consideration for the issue of the Shares to the Seller, the Seller will Transfer its rights, title and interest in the Water Rights to the Buyer at Settlement free of all Encumbrances.

4. **Conditions Precedent**

4.1 Settlement is conditional upon:

4.1.1 the Buyer viewing the Seller's share certificates for the Water Rights held by the Seller in Western Murray Irrigation Ltd;

4.1.2 the Lender fully discharging the Encumbrances it holds over the Water Rights;

4.1.3 the Buyer entering into the Water Supply Lease with the Lessee;

4.1.4 the ASX issuing (and not withdrawing) a determination in favour of the Buyer which provides that mandatory escrow will not be applied by the ASX to the Shares (or any of them) under the ASX Listing Rules;

4.1.5 the Seller preparing and lodging the Water Rights Approval Forms with the Authorities and obtaining any and all Approvals required for the Transfer of the Water Rights to the Buyer on an unconditional basis or on conditions acceptable to the Buyer; and

4.1.6 the Seller executing and providing to the Buyer a Voluntary Escrow Deed.

4.2 Clause 4.1.3 has been included for the benefit of all parties and may only be waived with the consent in writing of all parties.

4.3 Clauses 4.1.1, 4.1.2, 4.1.4, 4.1.5 and 4.1.6 have been included for the benefit of the Buyer and may only be waived by the Buyer.

4.4 The parties must use their best endeavours to fulfil the conditions precedent.

4.5 The Buyer shall do all things reasonably required of it by the Seller, the Water Broker and any Authority, including to execute the Water Rights Approval Forms or provide all necessary information, to assist the Seller in complying with its obligations under clause 4.1.5.

4.6 If the conditions precedent are not fulfilled or waived by the benefiting party on or before the Cut-Off Date, then either party may end the Agreement by written notice to the other party.

4.7 If a party ends the Agreement in accordance with clause 4.6, neither party has further rights against the other party under this Agreement, except in respect of default in using best reasonable endeavours to fulfil the conditions precedent. For the avoidance of doubt, if this Agreement terminates, the Water Supply Lease will also automatically terminate.

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5. **Between execution and Settlement**

5.1 From the execution of this Agreement until Settlement, the Seller must:

5.1.1 comply with all Applicable Laws, any conditions attaching to the Water Rights and any reasonable requirements of any Authority relating to the Water Rights;

5.1.2 comply with its obligations under this Agreement;

5.1.3 keep and maintain up to date records of the Water Rights and grant the Buyer written authority to inspect any records of any Authority in relation to the Water Rights;

5.1.4 promptly give the Buyer any information reasonably requested relating to the Water Rights;

5.1.5 immediately notify the Buyer of any fact or circumstance which might reasonably be expected to materially adversely affect the Water Rights or the Seller's ability to Transfer the Water Rights to the Buyer; and

5.1.6 immediately forward to the Buyer copies of any notices, orders, accounts or requirements of any Authority in relation to or affecting the Water Rights;

5.2 From the execution of this Agreement until Settlement, the Seller must not:

5.2.1 contract or otherwise agree to Transfer the Water Rights to another person or permit any Encumbrances to be noted against the Water Rights without the prior written consent of the Buyer (other than an Encumbrance contemplated by clause 5.2.4);

5.2.2 take any action, or fail to take any action, that could prevent the Transfer of the Water Rights in accordance with this Agreement;

5.2.3 do anything that will materially adversely affect the Water Rights or the Seller's ability to Transfer the Water Rights to the Buyer; and

5.2.4 oppose or take any steps to prevent the registration or notation of any Encumbrance against the Water Rights in favour of the Buyer protecting the Buyer's interest in the Water Rights under this Agreement.

5.3 The Seller must immediately notify the Buyer in writing of any non-compliance with this clause 5.

6. **Outgoings, fees and charges**

6.1 The Seller must pay all:

6.1.1 outgoings in relation to the Water Rights for the period up to and including the Settlement Date, including all fees and charges in relation to the delivery and usage of water; and

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6.1.2 fees associated with discharging any Encumbrances over the Water Rights prior to Settlement.

6.2 The Buyer must pay all:

6.2.1 outgoings in relation to the Water Rights for the period on and from Settlement;

6.2.2 fees associated with lodging the Water Rights Approval Forms or otherwise incurred in obtaining the Approvals;

6.2.3 fees associated with lodging the Water Rights Registration Forms or otherwise incurred registering the Transfers on the Water Registers; and

6.2.4 any other fees otherwise required to effect the Transfer of the Water Rights.

6.3 If a party must under the Applicable Laws pay for an outgoing or fee which the other party is responsible under this clause 6, that party must pay the amount and the other party shall reimburse that party within 14 Business Days of written request (which request must include evidence confirming payment by the first party).

7. Water Rights Value

7.1 The parties agree that the Water Rights Value is the purchase price payable by the Buyer for the Water Rights and:

7.1.1 will be the consideration for the purposes of the settlement adjustment sheet referred to in clause 8 and completion of the Water Rights Approval Forms and the Water Rights Registration Forms respectively;

7.1.2 will be the basis for calculating the number of Shares issued to the Seller at Settlement on a $1.10 per share basis; and

7.1.3 is final and binding on the parties.

8. Adjustment

Before Settlement, the Buyer must deliver a settlement adjustment sheet to the Seller which has been prepared consistent with clause 6 and clause 7 of this Agreement.

9. Settlement

Settlement takes place on the Settlement Date at the offices of the Buyer in South Australia or as the parties may otherwise agree.

10. Settlement procedure

10.1 At Settlement the Seller must deliver to the Buyer, in registrable form (where applicable):

10.1.1 originals of all Approvals obtained from the Authorities approving the Transfer of the Water Rights to the Buyer;

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10.1.2 copies of any records relating to the Water Rights as reasonably required by the Buyer;

10.1.3 all original completed and duly executed Water Rights Registration Forms capable (upon payment of the relevant fees) of registration with the Registrars to enable registration of the Water Rights on the Water Registers without further amendment or supplementation;

10.1.4 discharges of any and all Encumbrances over the Water Rights;

10.1.5 the originals of the duly executed Water Supply Lease; and

10.1.6 the originals of the duly executed Voluntary Escrow Deed.

10.2 At Settlement, the Buyer must:

10.2.1 allot and issue to the Seller such number of Shares that equates to 100% of the Water Rights Value, enter the Seller into the Buyer's share register and give the Seller a share certificate or holding statement for the Shares; and

10.2.2 pay any amount payable by way of adjustment to outgoings set out in the settlement adjustment sheet referred to in clause 8 in cash and by such payment method agreed by the parties.

10.3 For the avoidance of doubt, the Buyer will register or procure the registration of the Water Rights Registration Forms with the relevant Water Registers as soon as possible after Settlement.

11. Title, possession and risk

11.1 To the extent permitted by all Applicable Laws, title in the Water Rights passes from the Seller to the Buyer at Settlement.

11.2 Risk in the Water Rights passes from the Seller to the Buyer at settlement.

12. Transfer of Water Allocation

If after Settlement, but prior to registration of the Water Rights Registration Forms on the Water Registers, an Authority announces an additional Water Allocation in relation to the Water Rights for the current Water Year, or announces a new Water Allocation in respect of a new Water Year, the Seller must as soon as practicable transfer that Water Allocation to the Buyer at no charge (other than any fees payable in respect of an application to transfer the Water Allocation, which fees shall be borne by the Buyer).

13. Due Diligence

13.1 The Buyer agrees that it has independently investigated and evaluated the Water Rights.

13.2 The Buyer represents that it is capable of evaluating the merits and risks associated with the purchase of the Water Rights.

13.3 The Buyer does not rely on any information provided by or on behalf of the Seller in investigations or negotiations leading to this Agreement.

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13.4 The Buyer acknowledges and agrees that the Buyer purchases the Water Rights on an 'as is where is' basis as at the date of the Agreement including:

13.4.1 the volume of Water Allocation which remains available in respect of any of the Water Rights (acknowledging that for the 2015/2016 Water Year the Water Allocation associated with the Water Rights has been exhausted); and

13.4.2 the state and condition of the water associated with the Water Rights.

13.5 Without limiting any other rights under this Agreement, the Buyer cannot terminate this Agreement, make any claims for compensation, damage or any other loss as a result of any loss, claim or damage arising which is inconsistent with the Buyer's acknowledgements in clause 13.4.

14. **Warranties**

14.1 Each of the Seller and the Buyer represents and warrants that:

14.1.1 it is a corporation validly existing under the laws of the state in which it was incorporated;

14.1.2 it has not committed or become the subject of an Insolvency Event; and

14.1.3 this Agreement is a valid and binding obligation enforceable against it in accordance with its terms.

14.2 As at the date of this Agreement, the Seller warrants that:

14.2.1 the Seller is the sole owner of the Water Rights;

14.2.2 the Seller has the full right and power to enter into this Agreement, to Transfer the Water Rights to the Buyer and to carry out the transactions contemplated by this Agreement;

14.2.3 the Seller has good and marketable title to the Water Rights;

14.2.4 the Seller has not entered into any other contract or commitment to dispose, Transfer or otherwise deal with the Water Rights;

14.2.5 at the completion of Settlement, the Water Rights will not be subject to any Encumbrance;

14.2.6 the Seller is not aware of any fact or circumstance which might reasonably be expected to materially adversely affect the Water Rights or the Seller's ability to Transfer the legal interest in the Water Rights to the Buyer;

14.2.7 the Seller is not aware of any current or threatened claims, proceedings, orders or notices affecting the Water Rights;

14.2.8 the Seller has complied with all requirements of any Authority in relation to the Water Rights;

14.2.9 the Seller has complied will all Applicable Laws; and

14.2.10 this Agreement and each transaction contemplated by it does not contravene or breach the Applicable Laws, any conditions of the Water Rights or the requirements of any Authority;

14.3 At Settlement, the Seller is deemed to repeat each warranty by the Seller and the Buyer is deemed to have accepted each warranty by the Seller.

14.4 A warranty in this document does not merge on Settlement but continues to operate thereafter.

15. Indemnity by Seller

The Seller indemnifies and will keep indemnified the Buyer from and against all actions, claims or causes of action (including in contract, tort or under statute), demands, losses, liabilities, damages, costs and expenses which the Buyer pays, suffers, incurs or is liable in respect of any warranty by the Seller under this Agreement being untrue, inaccurate or in any way misleading or deceptive or likely to mislead or deceive.

16. Party as a Trustee

16.1 Capacity

If any party (**Trustee**) enters into this Agreement in the capacity as trustee of any trust (**Trust**) under any trust deed, deed of settlement or other instrument (**Trust Deed**), and whether or not any other party has notice of the Trust, then the Trustee enters into this agreement as trustee of the Trust only.

16.2 Trustee's warranties

The Trustee represents and warrants that:

16.2.1 the Trustee has power under the Trust Deed and, in the case of a corporation, under its constitution, to enter into and execute this Agreement and to perform the obligations imposed under this Agreement as trustee;

16.2.2 all necessary resolutions have been passed as required by the Trust Deed and, in the case of a corporate Trustee, by its constitution, in order to make this agreement fully binding on the Trustee;

16.2.3 the execution of this Agreement is for the benefit of the Trust;

16.2.4 the Trustee is not in default under the Trust Deed; and

16.2.5 there is no material fact or circumstance relating to the assets, matters or affairs of the Trust that might, if disclosed, be expected to affect the decision of the other parties, acting reasonably, to enter into this agreement.

17. Termination

17.1 Prior to Settlement

17.1.1 The Buyer may terminate this Agreement at any time before Settlement by notice in writing to the Seller if:

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17.1.1.1 the Seller commits or becomes the subject of an Insolvency Event;

17.1.1.2 the Seller commits a material breach of this Agreement other than solely due to the default of the Buyer, which is not capable of remedy; or

17.1.1.3 the Seller commits a material breach of this Agreement, other than solely due to the default of the Buyer, which is capable of remedy and is not remedied within 14 Business Days after notice requiring it to be remedied is given to the Sellers.

17.1.2 The Seller may terminate this Agreement at any time before Settlement by notice in writing to the Buyer if:

17.1.2.1 the Buyer commits or becomes the subject of an Insolvency Event;

17.1.2.2 the Buyer commits a material breach of this Agreement other than solely due to the default of the Seller, which is not capable of remedy; or

17.1.2.3 the Buyer commits a material breach of this Agreement, other than solely due to the default of the Seller, which is capable of remedy and is not remedied within 14 Business Days after notice requiring it to be remedied is given to the Buyer.

17.2 **Accrued Rights**

Termination of this Agreement at any time will otherwise not effect any rights or remedies which have arisen on or before termination.

18. GST

18.1 The parties acknowledge and agree that the supply made pursuant to this Agreement:

18.1.1 is a supply of water that is GST-free in accordance with GSTR 2000/25

18.1.2 any amount payable under this Agreement in respect of the taxable supply ("**Payment**") is exclusive of GST; and

18.1.3 if a supply under this Agreement is, in fact, not GST-free the Seller may, in addition to the Payment but subject to the Seller providing to the Buyer a tax invoice, recover from the Buyer (and the Buyer must pay or reimburse the Seller) an additional amount on account of GST, such additional amount to be calculated in accordance with the GST Law and to be paid by the Buyer at or before Settlement or at any time thereafter nominated by the Seller (the Seller having given to the Buyer a tax invoice not less than seven (7) days before Settlement or the nominated date for payment).

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15.2 This clause shall survive Settlement and any termination of this Agreement by any party to this Agreement.

19. Confidentiality and Announcement

Each party must treat the existence and terms of this Agreement as confidential and no announcement or communication relating to the negotiations of the parties or to the existence, subject matter or terms of this Agreement may be made or authorised by a party unless:

19.1 the other party has first given their written approval;

19.2 the disclosure is to the party's employees, consultants, professional advisers, bankers, financial advisers or financiers or to a person whose consent is required under this Agreement or for a transaction contemplated by it and those persons undertake to keep confidential any information so disclosed; or

19.3 the disclosure is:

19.3.1 made to the extent reasonably needed to comply with any Applicable Laws or requirement of any court, Government agency, Authority or regulatory body;

19.3.2 the disclosing party promptly gives notice of its intended disclosure to, and consults with, the other party to the extent practicable; and

19.3.3 the disclosing party uses its reasonable endeavours consistent with its obligations to minimise any such disclosure and to ensure that any confidential information so disclosed will be treated confidentially.

20. Authority to complete

The Buyer and the Seller each unconditionally authorise the Water Broker to complete on their behalf the Water Rights Approval Forms and the Water Rights Registration Forms, and to rectify any errors or omissions in relation to those forms.

21. Governing law

This Agreement is governed by the laws of New South Wales. Each party irrevocably and unconditionally submits to the exclusive jurisdiction of the courts of New South Wales and courts of appeal from them in respect of all matters arising under or relating to this Agreement.

22. Non-merger

The terms of this Agreement will not merge upon Settlement but will continue in full force.

23. Further assurances

The parties will promptly do everything necessary or desirable even if not expressly stated in this Agreement, to ensure that the terms of this Agreement are fully carried into effect.

24. Entire agreement

This Agreement contains the entire agreement between the parties in respect of the subject matter of this Agreement.

25. Amendments

Any amendment to a term of this Agreement must be made in writing executed by the parties or duly authorised officers on behalf of the parties.

26. Severability

Every provision of this Agreement will be deemed severable as far as possible from the other provisions of this Agreement. If any provision is found to be void, illegal or unenforceable for any reason, it will be deemed to be severed and omitted from this Agreement. This Agreement with the offending provision severed and omitted and with any consequential amendment if necessary, will otherwise remain in full force.

27. Notices

Any notice to be given by a party must be signed by the party giving the notice or by one of its officers or its duly authorised lawyer or agent and must be hand delivered or sent by prepaid post or sent by facsimile or electronic mail to the recipient parties at the address, facsimile number or electronic mail address (as the case may be) as set out in this Agreement (or any other address, facsimile number or electronic mail address that a party may notify to the others) and will be deemed sufficiently given:

27.1 In the case of hand delivery, on the date of delivery;

27.2 In the case of prepaid post, four (4) Business Days after being sent by prepaid post;

27.3 In the case of facsimile, on receipt by the sender of a successful transmission answerback; or

27.4 In the case of electronic mail, on the day of transmission provided that the sender can give evidence of transmission and the intended recipient does not give evidence of non-receipt.

28. Assignment

This Agreement is personal to the parties and no party will assign its rights or obligations under this Agreement wholly or in part without the other parties' consent.

29. Counterparts and effectiveness

29.1 This Agreement may be executed in any number of counterparts and all counterparts taken together will constitute one and the same instrument. Satisfactory evidence of execution of this Agreement will include evidence of execution sent by facsimile or electronic transmission by the relevant party and in such case, the executing party undertakes to produce the original as soon as reasonably practicable thereafter.

29.2 This Agreement will only come into effect and be binding on the parties when it is duly executed by all parties.

30 **Costs**

30.1 Each party pays its own costs in relation to the preparation, negotiation and execution of this Agreement.

30.2 If stamp duty is payable in relation to the Transfer of the Water Rights, the Buyer will duly attend to stamping of and will pay any stamp duty assessable to this Agreement, the Water Rights Approval Forms or the Water Rights Registration Forms.

30.3 A party that breaches this Agreement will pay all costs incurred by the other party in consequence of that breach but without limit to any other rights or remedies which the party not in breach may have as a result of that breach.

EXECUTED as an Agreement.

EXECUTED by **DUXTON VINEYARDS WATER PTY LTD** ACN 609 424 786 in accordance with Section 127(1) of the *Corporations Act 2001* (Cth):

*Director/*Sole Director and Sole Secretary

Edouard Peter
Print Full Name

*Director/*Secretary

Mark Allen
Print Full Name

(*please delete the inapplicable title)
(Note: please affix common seal if required by the Company's Constitution)

EXECUTED by **DUXTON WATER LTD** ACN 611 976 517 in accordance with Section 127(1) of the *Corporations Act 2001* (Cth):

*Director/*Sole Director and Sole Secretary

Peter Michelle
Print Full Name

*Director/*Secretary

Tom Rogerty
Print Full Name

(*please delete the inapplicable title)
(Note: please affix common seal if required by the Company's Constitution)

SCHEDULE 1 – WATER RIGHTS

Description of Water Right	Category of Water Right	Holder of Water Right (as at date of the Valuation Report)	Volume (ML)
Zone 11 New South Wales Murray Regulated River			
Share in water held by Western Murray Irrigation Ltd	High Security	Duxton Vineyards Water Pty Ltd (formerly known as Duxton Water Pty Ltd) (Seller)	822.00
Share in water held by Western Murray Irrigation Ltd	High Security	Duxton Vineyards Water Pty Ltd (formerly known as Duxton Water Pty Ltd) (Seller)	1,482.00
Zone 13 New South Wales Murrumbidgee Regulated River			
Share in water held by Murrumbidgee Irrigation Ltd	High Security	Duxton Water Pty Ltd (Seller, former name)	1,773.00
Total			**4,077**

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Water Lease

TALBOTSAYER

Water Lease

Date

Parties

Name	Duxton Water Ltd
ACN	611 976 517
Short form name	**Lessor**
Notice details	c/o Max Toovey, 7 Pomona Road, Stirling SA, 5152
Notice email	Max.toovey@duxtonam.com

Name	Duxton Viticulture Pty Ltd
ACN	609 424 704
Short form name	**Lessee**
Notice details	c/o Max Toovey, 7 Pomona Road, Stirling SA, 5152
Notice email	Max.toovey@duxtonam.com

Reference Schedule

1.	Commencement Date	On Settlement of sale agreement entered into between the parties in July 2016 for the sale of the Water Entitlements (as that term is defined in the sale agreement)
2.	Expiry Date	30 June 2023
3.	Rent	$872,127 per annum
4.	Payment Period	Quarterly
5.	Bank Guarantee	Nil
6.	Water Entitlements	

Identifier	Area	Volume (ML)	Priority	Authority
Share in water held by Western Murray Irrigation Ltd	Zone 11	822	High Security	Western Murray Irrigation Ltd
Share in water held by Western Murray Irrigation Ltd	Zone 11	1,482	High Security	Western Murray Irrigation Ltd

	Share in water held by Murrumbidgee Irrigation Ltd	Zone 13	1,773	High Security	Western Murray Irrigation Ltd
7.	Option	Term	5 years		
		Percentage	6% of Current Market Value		
8.	Territory		New South Wales and Victoria		

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TALBOTSAYER

Agreed terms

1. Grant of Lease

The Lessor grants to the Lessee the rights set out in this Lease for the Term. The Lessee acknowledges that:

(a) this Lease grants to the Lessee exclusive use and benefit of the Water Entitlements during the Term; and

(b) at the End of the Term, the Lessee will have no rights or claims concerning this Lease or the Water Entitlements.

2. Term and Commencement

(a) The Term commences on the Commencement Date and expires on the Expiry Date subject to the provisions of this Lease.

(b) The Expiry Date is the date stated in Item 2 of the Reference Schedule, unless varied by clause 13.

3. Rent

3.1 Rent

(a) The Rent is specified in Item 3 of the Reference Schedule.

(b) The Rent for each Water Year will be apportioned equally between each Payment Period which forms part of that Water Year.

(c) If necessary, the Rent for the first and last Payment Periods will be apportioned on a daily basis.

(d) The Lessee must pay the portion of the Rent attributable to each Payment Period to the Lessor by the last Business Day before the first day of each Payment Period.

(e) If the Lessee does not make a payment on time, then it must pay to the Lessor, on demand, interest on the unpaid Rent calculated on daily balances at the Default Interest Rate.

3.2 Payment of Rent is an unconditional obligation

The Lessee must pay the Rent in accordance with the Lease, whether or not:

(a) the Lessee actually takes or uses or has access to any water available under the Water Entitlements or Water Allocations; or

(b) there is any volume of water available under the Water Entitlements or the Water Allocations in any given Water Year or Payment Period.

3.3 Costs and Outgoings

The Lessor and Lessee shall each pay their own costs relating to this Lease. However, the Lessee shall pay to the Lessor on demand:

(a) all costs or fees associated with the registration or revocation of any Term Transfers of the Water Entitlements, or the assignment or transfer of any Water Allocations, which are required or authorised by this Lease;

(b) all Outgoings which the Lessor is liable to pay, and in the last year of the Term, the Lessor's reasonable estimate of any Outgoings which will be payable up to the end of the Term;

(c) all duty on or arising from this Lease or any transaction required under this Lease (including penalties and fines, other than penalties and fines due to the default of the Lessor); and

(d) all the Lessor's legal costs, reasonable administration costs and other costs (on a full indemnity basis) for:

(i) the default by the Lessee in observing or performing any obligations contained or implied in this Lease;

(ii) any application for consent required under this Lease (whether or not the consent is given);

(iii) any proposed assignment of, or other dealing with this Lease (whether or not the assignment or other dealing occurs); and

(iv) any surrender or termination of this Lease prior to the Expiry Date.

3.4 No set-off or counter-claim

The Lessee's obligations to pay Rent and any other payments required under this Lease are absolute and unconditional. The Lessee shall not abate, set-off, reduce or make any counter-claim against Rent or other payments owing under this Lease.

4. Benefit of Water Entitlements

4.1 Term Transfer

Where the Water Entitlements and Water Regulations permit a Term Transfer of the Water Entitlements, for each Water Year of the Term:

(a) once the Lessee has paid the Rent for the first Payment Period of the Water Year, the parties must use all reasonable endeavours to promptly complete, execute and lodge all necessary forms in advance of the commencement of that Water Year to facilitate the Term Transfer of the Water Entitlements for that Water Year; and

(b) if any Term Transfer under clause 4.1(a) did not come into effect until after the commencement of that Water Year, the parties must use all reasonable endeavours to promptly complete, execute and lodge all necessary forms to transfer any Water Allocations which were issued to the Lessor's account for that Water Year to the Lessee's account.

4.2 Where Term Transfer not possible

Where the nature of the Water Entitlements or Water Regulations is such that a Term Transfer of the Water Entitlements is not possible, then subject to the Lessee not being in breach of any of its obligations under this Lease, the parties must use all reasonable endeavours to complete, execute and lodge all necessary forms to assign or otherwise transfer any Water Allocations to the Lessee promptly after they are declared.

5. Bank guarantee – Not applicable

6. Use of Water

6.1 Statutory Framework for Lease

The Lessor and the Lessee acknowledge that the performance of this Lease and the rights and obligations under this Lease are governed by, and subject to, the following:

(a) the Water Regulations; and

(b) the conditions on the Water Entitlements.

6.2 No Warranty by Lessor

The Lessee acknowledges and agrees with the Lessor that (otherwise than as is expressly contained in this Lease) no promise, representation, warranty or undertaking has been given by or on behalf of the Lessor:

(a) that the volume of the Water Entitlements (or any part of it) will be declared or available to the Lessee;

(b) about the quality of water or management of water within the Regulated Area;

(c) about the manner of storage or release of water in the Regulated Area; or

(d) that water within the Regulated Area or available under the Water Entitlements is potable or suitable for any purpose (whether or not it is a purpose to which Lessor knows the Lessee may put the water).

6.3 Compliance with Laws and requirements

The Lessee must:

(a) comply with and observe at the Lessee's cost all Laws and requirements of Authorities relating to or affecting the Water Entitlements or Water Allocations, including the Water Regulations, whether or not those Laws or requirements are addressed to or required to be complied with by either or both of Lessor and the Lessee or by any other person;

(b) immediately provide a complete copy to the Lessor of any requirements of Authorities notified to or served on the Lessee concerning the Water Entitlements;

(c) obtain, maintain, comply with and observe at the Lessee's cost all consents, licences or approvals from all Authorities which may from time to time be necessary or appropriate for the Lessee's business and/or the Lessee's use of water under the Water Allocations; and

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(d) not, by any act or omission, cause or permit any event or circumstance to occur which will or could lead to the forfeiture of or any change to the Water Entitlements which would adversely affect the Lessor.

6.4 Lessor's rights if Lessee fails to comply

The Lessor may (without prejudice to any of the Lessor's other rights for non compliance) elect, at the Lessee's cost, to comply either wholly or partly with any Laws or requirements which the Lessee is required to comply with and observe under this Lease, including where the Lessee fails to comply within the appropriate time with any of the Lessee's obligations.

7. Assignment or dealings

7.1 No disposal of Lessee's interest

(a) The Lessee shall not (and shall not commence or attempt to) assign, grant any rights over or otherwise transfer, dispose of or deal with this Lease, the Water Entitlements or any part of them, unless the Lessee has obtained the Lessor's consent, which the Lessor may withhold at its absolute discretion.

(b) For the avoidance of doubt, nothing in this Lease shall limit the Lessee's ability to assign, grant any rights over or otherwise transfer, dispose of or deal with any Water Allocations which have been transferred to the Lessee's account.

7.2 Change in corporate ownership

If the Lessee is a corporation, any change in the shareholding or composition of the board of directors altering the Control of one half or greater of the shares of the corporation is deemed an assignment of this Lease which requires the Lessor's consent, which the Lessor may withhold at its absolute discretion.

7.3 Mortgaging Lessee's interest in Water Entitlements

The Lessee shall not mortgage, charge or otherwise encumber this Lease or the Lessee's interest in this Lease or the Water Entitlements without first obtaining the written consent of the Lessor, which consent shall not be unreasonably withheld where the credit provider (for the Lessee) enters into an agreement with the Lessor upon terms and conditions satisfactory to the Lessor.

7.4 Caveat

The Lessee will not lodge, and will not allow the lodgement of, any caveat over or in respect of the Water Entitlements.

7.5 Assignment by the Lessor

The Lessor may assign its rights and obligations under this Lease to any person.

8. Exclusion of Lessor's Liability

8.1 Risk and Release of Lessee

The Lessee acknowledges and agrees that this Lease relates to the Water Entitlements and therefore:

(a) the rights of the Lessee to take water under the Water Entitlements is subject to the Water Regulations, the terms and conditions of which may change from time to time;

(b) during the Term, the Water Entitlements shall be at the sole risk of the Lessee and the Lessee bears the risks of changes to the Water Regulations or the conditions applying to the Water Entitlements; and

(c) the Lessee, to the full extent permitted by law, releases the Lessor and its agents, employees, managers and contractors from and they will not be liable for any Claim that the Lessee or any person in any way involved in taking or using water available under this Lease or any person claiming by, through or under the Lessee may incur or make or any which arises from:

(i) the availability or non availability of any water to be taken under the Water Entitlements or Water Allocations for any reason;

(ii) any inability on the part of the Lessee, for any reason at all other than default by the Lessor under this Lease, to exercise any rights to take water available under the Water Entitlements or Water Entitlements;

(iii) any changes to the Water Regulations or the conditions applying to the Water Entitlements;

(iv) any change in Law; and

(v) any matter for which the Lessor makes no promise or representation or gives no warranty or undertaking under this Lease or for which the Lessee has disclaimed the benefits of any promise, representation, warranty or undertaking by the Lessor.

8.2 Indemnity

The Lessee indemnifies and shall keep indemnified the Lessor and its agents, employees, managers and contractors against all Claims for which they shall or may be or become liable, whether during or after the Term, for, arising from or contributed to by any act, neglect, default or omission of the Lessee or any person in any way involved in the taking or use of any water under the Water Entitlements or any other person claiming through or under the Lessee.

9. Default and termination

9.1 Events of Default

An event of default shall have occurred (**Event of Default**) where:

(a) any Rent, interest or any other amount or any part of it payable by the Lessee under this Lease remains unpaid for a period exceeding 14 days, whether or not formal or legal demand for payment has been made;

(b) the Lessee or some person on behalf of the Lessee has given notice to the Lessor or a person on behalf of the Lessor that any Rent, interest or any other amount payable by the Lessee under this Lease will not be paid or will not be paid in full within 14 days of becoming due;

(c) contrary to the provisions of this Lease:

(i) the Lessee assigns, charges, grants any right over or otherwise disposes or deals with this Lease or the Water Entitlements or any part of them; or

(ii) an event occurs for the corporate ownership of the Lessee which this Lease deems to be a breach of the Lessee's obligation not to assign its interest in this Lease;

(d) the Lessee becomes affected by an Insolvency Event;

(e) the Lessee dies or becomes of unsound mind or their estate is liable to be dealt with in any way under the laws relating to mental health; or

(f) the Lessee breaches a provision of this Lease and has not remedied that breach within 14 days of service of notice of the breach from the Lessor.

9.2 Termination of Lease

If an Event of Default has occurred, the Lessor may, without prejudice to any other Claim which the Lessor has or may have or could otherwise have against the Lessee, any guarantor or any other person for that Event of Default, at any subsequent time do any one or more of the following:

(a) revoke any Term Transfer and take and deal with the Water Entitlements;

(b) terminate this Lease; or

(c) recover from the Lessee any loss suffered by the Lessor as a result of the Lessee's default.

9.3 Damages for breach of essential conditions

(a) The parties agree that if any of the events referred to in clauses 9.1(a), 9.1(b), 9.1(c), or 9.1(d) occur, there shall have been a breach by the Lessee of a fundamental and essential condition in this Lease, amounting to a repudiation of this Lease by the Lessee.

(b) In addition to the rights of action and remedies of the Lessor referred to in this clause or otherwise, where the Lessor has determined this Lease upon a breach by the Lessee of a fundamental and essential condition in this Lease having occurred, the Lessee shall pay to the Lessor the difference between all Rent and other money payable by the Lessee for the balance of the Term had it not been determined and the amount (if any) which the Lessor does receive or reasonably anticipates (at the time when the Lessor makes a claim for damages under this sub clause or, if litigation proceeds to judgment in favour of the Lessor, at the time of the judgment) that it will receive during the period of the balance of the Term from other lessees of the Water Entitlements.

9.4 Lessor may rectify

The Lessor may, but shall not be obliged to, remedy at any time without notice any default by the Lessee under this Lease, and all reasonable costs incurred by the Lessor (including, without limitation, legal costs) in remedying a default shall constitute a liquidated debt owed by the Lessee to the Lessor and shall be paid by the Lessee to the Lessor on demand.

9.5 Benefit of Lessee's obligations

If any person other than the Lessor becomes entitled to receive the Rent either by operation of law or otherwise:

(a) that person shall have the benefit of all obligations on the part of the Lessee under this Lease; and

(b) the Lessee at the cost of the Lessor shall enter into any document with that other person in this regard which the Lessor may reasonably require.

10. Carryover and residual water

10.1 Carryover water

(a) Where any of the Water Allocations are entitled to be carried over to the next Water Year, the Lessee must not relinquish any of those Water Allocations unless it has first given written notice to the Lessor of its intention to do so, and the volume of the Water Allocations that it will be relinquishing, at least 20 Business Days before the end of the Water Year.

(b) If the Lessor receives a notice under clause 10.1(a), the Lessor may, within 10 Business Days of receiving the notice, give the Lessee a written notice requiring that the Lessee transfer the Water Allocations that the Lessee notified it intended to relinquish to an account nominated by the Lessor before the end of the Water Year. Notwithstanding anything else within this document, all fees payable to Authorities relating to the transfer of these Water Allocations to the Lessor are to be borne by the Lessor.

10.2 Residual water where Lease is terminated due to Lessee's default

(a) If this Lease is terminated due to any breach or default by the Lessee, any unused Water Allocations at the date of the termination of this Lease (**Residual Water**) will become the property of the Lessor. If any other water allocations have been made to the Lessee's account as a result of water entitlements other than the Water Entitlements (**External Water Allocations**), the Lessee will be considered to have exhausted the allocations from the External Water Allocations first.

(b) The Lessee must do anything and execute any document necessary to transfer any Residual Water to an account nominated by the Lessor.

11. Power of Attorney

11.1 Persons appointed as Lessee's attorney

The Lessee irrevocably appoints the Lessor and each director of the Lessor, jointly and each of them severally, to be the attorney of the Lessee to:

(a) where the Law requires the Lease or any dealing related to the Water Entitlements to be recorded in a register, to sign a document in registrable form on the same terms and conditions contained in this Lease subject to any modifications required by Law, including the form of the document; and

(b) act, after the power to forfeit or terminate contained in this Lease shall have become exercisable (sufficient proof of which shall be a statutory declaration to that effect by or on behalf of the Lessor), to execute (where applicable):

(i) a surrender of any Term Transfer of the Water Entitlements;

(ii) an assignment, transfer, or trade of any Residual Water; and

(iii) any other document necessary to return complete legal and beneficial ownership in the Water Entitlements and Residual Water to the Lessor.

11.2 Lessee ratifies and confirms

The Lessee promises in favour of the Lessor and any attorney of the Lessee under this clause to:

(a) ratify and confirm whatever the attorney appointed under this Lease shall lawfully do or cause to be done for the Water Entitlements or this Lease; and

(b) pay to the Lessor on demand the amount of any costs or other liabilities incurred by or on behalf of the Lessor or the attorney appointed under this Lease in the exercise of the powers referred to in this clause.

11.3 Unpaid costs

If the Lessee does not pay to the Lessor on demand the amount of any costs or other liabilities incurred by or on behalf of the Lessor or any attorney appointed under this Lease in the exercise of the powers referred to in this clause, the provisions of this Lease relating to the payment of interest on unpaid Rent shall apply for that unpaid amount from the date of demand until payment is made to the Lessor.

12. GST

12.1 Definitions

Any terms capitalised in this clause 12 and not already defined in clause 17.1 have the same meaning given to those terms in the GST Act.

12.2 GST exclusive

Except under this clause 12, the consideration for a Supply made under or in connection with this document does not include GST.

12.3 Taxable Supply

If a Supply made under or in connection with this document is a Taxable Supply, then at or before the time any part of the consideration for the Supply is payable:

(a) the Recipient must pay the Supplier an amount equal to the total GST for the Supply, in addition to and in the same manner as the consideration otherwise payable under this document for that Supply; and

(b) the Supplier must give the Recipient a Tax Invoice for the Supply.

12.4 Later GST change

For the avoidance of doubt, the GST payable under clause 12.3 is correspondingly increased or decreased by any subsequent adjustment to the amount of GST for the Supply for which the Supplier is liable, however caused.

13. Option to extend the Term

13.1 Grant of option

If an Option Term is specified in the Item 7 of the Reference Schedule, the Lessor grants the Lessee the option to extend the Term for the Option Term on the terms set out in this clause 13.

13.2 Option to extend the Term

(a) If the Lessee wishes to exercise its option to extend the Term, it must notify the Lessor in writing no more than six and no less than four months before the Expiry Date that it wishes the Lessor to determine the Current Market Rent.

(b) If the Lessor receives notice under clause 13.2(a), the Lessor must determine the Current Market Value of the Water Entitlements and give the Lessee written notice of the Current Market Rent of the Water Entitlements at least three months before the Expiry Date.

13.3 Exercise of Option

(a) The Lessee may exercise its option to extend the Term by giving the Lessor, within 20 Business Days of receiving a notice from the Lessor under clause 13.2(b), a written notice that the Lessee wishes to exercise its option to extend the Term.

(b) If the Lessee exercises its option to extend the Term in accordance with clause 13.3(a), any notice issued under clause 14.2(a) lapses, and the Lessee will not be entitled to exercise any option to purchase under clause 14 until the final six months of the extended Term.

13.4 Variations if option to extend the Term is exercised

If the Lessee exercises the option to extend the Term for the Option Term, the terms and conditions of the Lease will remain the same, save for:

(a) the Rent for the period commencing at the start of the Option Term will be varied to be the Current Market Rent determined by the Lessor in accordance with clause 13.2(a);

(b) the Expiry Date will be varied to the end of the Option Term; and

(c) this clause will be deleted.

14. Option to purchase

14.1 Grant of option

The Lessor grants the Lessee the option to purchase the Water Entitlements free from encumbrances on the terms set out in this clause 14.

14.2 Option to purchase

(a) If the Lessee wishes to exercise its option to purchase the Water Entitlements, it must notify the Lessor in writing no more than six and no less than four months before the Expiry Date that it wishes to exercise the option to purchase and Current Market Value will be determined accordance with clause 14.2(b) below.

(b) If the Lessor receives notice under clause 14.2(a), the parties must take all action necessary to determine the Current Market Value of the Water Entitlements and give the Lessee written notice of the Current Market Value of the Water Entitlements at least three months before the Expiry Date

14.3 Exercise of option

(a) The Lessee may exercise its option to purchase the Water Entitlements by giving the Lessor, within 20 Business Days of receiving a notice from the Lessor under clause 14.2(b):

(i) written notice that the Lessee wishes to exercise its option to purchase the Water Entitlements;

(ii) the Water Sale Agreement (in duplicate), duly completed and executed by the Lessee, with:

(A) the purchase price inserted to be the Current Market Value; and

(B) the effective date inserted to be the date after the Expiry Date; and

(iii) a bank cheque for the deposit under the Water Sale Agreement, being 10% of the Current Market Value.

(b) If the Lessee validly exercise the option to purchase the Water Entitlements, the Lessor must complete and otherwise execute the accompanying Water Sale Agreement in duplicate and deliver one copy of the executed Water Sale Agreement to the Lessee within 5 Business Days.

(c) If there has been a change in law or a change relating to the identification or nature of the Water Entitlements since the date of this Lease that would make the Water Sale Agreement unenforceable or ineffective to convey the Water Entitlements, the parties must use their best endeavours to make any necessary amendments to the Water Sale Agreement in order to ensure that it is enforceable and effective to convey the Water Entitlements.

(d) If the Lessee exercises its option to purchase the Water Entitlements in accordance with clause 14.3(a), any notice issued under clause 13.2(b) lapses, and the Lessee will not be entitled to exercise any outstanding option to extend the Term under clause 13.

15. Right of First Refusal

(a) Should the Lessee have not have exercised their option to renew and/or their option to purchase under clauses 13 and 14 above then the Lessor covenants with the Lessee not to sell or lease or agree to sell or lease the Water Entitlements to any person other than the Lessee unless:

(i) the Lessor has first offered in writing to sell or lease the Water Entitlements to the Lessee at a price not greater than the price at which the Water Entitlements are actually sold or leased or agreed to be sold or leased and upon terms as to payment that are otherwise not less favourable to the Lessee than the terms upon which the said Water Entitlements are actually sold or leased or agreed to be sold or leased, and the Lessee has not accepted that offer within fourteen days after receipt of that offer;

(ii) the Lessee has rejected an option to extend the Term of the Lease for the Current Market Rent under clause 13, and the Lessee leases the Water Entitlements on terms no more favourable than those rejected by the Lessee;

(iii) the Lessee has rejected an option to purchase the Water Entitlements for the Current Market Value under clause 14, and the Lessor sells the Water Entitlements on terms no more favourable than those rejected by the Lessee; or

(iv) the Lessor sells the Water Entitlements by public auction after notifying the Lessee of the time and location of the public auction.

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(b) Nothing in this covenant shall be construed as prohibiting the Lessor from entering into a contract to sell or lease the Water Entitlements to any person conditionally upon the Lessee's rejection of any offer of sale or lease or both of the Water Entitlements made in accordance with this condition.

(c) This clause shall apply during the term of this Lease and for a period of six months after the Expiry Date of this Lease or any lease entered after the exercise of any option to renew.

16. General

16.1 Lessor's obligations

Every obligation on the part of the Lessor, shall bind the Lessor or any successor or assignee only during the periods when it is entitled to receive the Rent.

16.2 Consent of the Lessor

Unless this Lease otherwise requires, where the Lessor has a discretion or its consent or approval is required for anything, the Lessor shall be entitled to withhold or delay its decision, consent or approval without giving any reason.

16.3 Amendments

This Lease may only be amended by written agreement between all parties.

16.4 Counterparts

This document may be signed in any number of counterparts. All counterparts together make one instrument.

16.5 No merger

The rights and obligations of the parties under this document do not merge on completion of any transaction contemplated by this document.

16.6 Entire agreement

(a) This document supersedes all previous agreements about their subject matter and embodies the entire agreement between the parties.

(b) To the extent permitted by law, any statement, representation, term, warranty, condition, promise or undertaking made, given or agreed to in any manner, has no effect except to the extent expressly set out or incorporated by reference in this document.

16.7 Further assurances

Each party must take all steps, execute all documents and do everything reasonably required by the other party to give effect to any provisions of this Lease.

16.8 No waiver

(a) The failure of a party to require full or partial performance of any provision of this document does not affect the right of that party to require that performance subsequently.

(b) A single or partial exercise of or waiver of the exercise of any right, power or remedy does not preclude any other or further exercise of that or any other right, power or remedy.

(c) A right under this document may only be waived in writing signed by the party granting the waiver, and is effective only to the extent specifically set out in that waiver.

16.9 Governing law and jurisdiction

(a) The law of the Territory governs this document.

(b) Each party irrevocably submits to the non-exclusive jurisdiction of the Territory's courts and courts competent to hear appeals from those courts.

16.10 Severability

(a) A clause or part of a clause of this document that is illegal or unenforceable may be severed from this document and the remaining clauses or parts of the clause of this document continue in force.

(b) If any provision is or becomes illegal, unenforceable or invalid in any jurisdiction, it is to be treated as being severed from this document in the relevant jurisdiction, but the rest of this document will not be affected.

16.11 Notice

(a) A notice, consent or communication under this document is only effective if it is:

(i) in writing, signed by or on behalf of the person giving it;

(ii) addressed to the person to whom it is to be given; and

(iii) given as follows:

(A) delivered by hand to that person's address;

(B) sent to that person's address by prepaid mail or by prepaid airmail, if the address is overseas; or

(C) sent to that person's email address and no 'bounce back' message was received by the sender.

(b) A notice, consent or communication delivered under this clause 16.11 is given and received:

(i) if it is hand delivered:

(A) by 5.00pm (local time in the place of receipt) on a Business Day – on that day; or

(B) after 5.00pm (local time in the place of receipt) on a Business Day, or on a day that is not a Business Day – on the next Business Day; and

(ii) if it is sent by post:

(A) within Australia – three Business Days after posting; or

(B) to or from a place outside Australia – seven Business Days after posting.

(iii) if it is sent by email, at the time it is received in the recipient's inbox.

(c) A person's address is as set out at the commencement of this document or as the person notifies to the other party or parties at any time in writing.

(d) A notice, consent or communication must be in writing and may be signed by the party giving it, by that party, or by that party's lawyer.

16.12 Time is of the essence

Time shall be of the essence of this Lease in relation to the performance by the Lessee of its obligations under this Lease.

17. Defined terms and interpretation

17.1 Defined terms

In this document:

Authority	means any Court, or any state or federal government, local government, statutory or public authority, instrumentality, body, Irrigation Infrastructure Operator or any other person having jurisdiction over the Water Entitlements or Water Allocations, or anything relating to the Water Entitlements or Water Allocations.
Bankruptcy Act	means the *Bankruptcy Act 1966* (Cth).
Business Day	means a day that is not a Saturday, Sunday or public holiday in Adelaide, South Australia.
Claim	means any claim, action, proceeding or demand, however it arises and whether it is present or future, fixed or unascertained, actual or contingent.
Commencement Date	means the commencement date of the Term being the date specified in Item 1 of the Reference Schedule and as provided for in clause 2.
Control	has the meaning given in the Corporations Act.
Corporations Act	means *Corporations Act 2001* (Cth).
Current Market Rent	means an amount per annum equal to the Option Percentage of the Current Market Value of the Water Entitlements determined in accordance with the Current Market Value review.
Current Market Value	means the current market value of the Water Entitlements determined by an independent third party review conducted by a registered valuer appointed by the Lessor to determine the fair value on a dollars per ML basis of the Water Entitlements.
Default Interest Rate	means the Reserve Bank of Australia cash rate plus 3% per annum.
End of the Term	means the end of the Term, whether arising through termination of this Lease through effluxion of time or otherwise.
Expiry Date	means the expiry date of the Term, being the date specified in Item 2 of the Reference Schedule.

GST Act	means *A New Tax System (Goods and Services Tax) Act 1999* (Cth), or, if that Act does not exist for any reason, means any Act imposing or relating to the imposition or administration of a goods and services tax in Australia and any regulation made under that Act.
Insolvency Event	in relation to a party means any of the following events concerning a party, unless the events take place as part of a solvent reconstruction, amalgamation, merger or consolidation: (a) if an administrator, liquidator, receiver, receiver and manager or other controller (as defined in the Corporations Act) is appointed to, or over, any of the property or undertaking of the party; (b) if an order is made or an effective resolution is passed for the winding up or dissolution of the party without winding up; (c) if the party is made bankrupt, declared bankrupt or files a petition for relief under bankruptcy laws; (d) if the party dies or is, or is declared to be incompetent or unable to conduct his or her affairs; (e) if the party or the party's property or undertaking becomes subject to a personal insolvency arrangement under part X Bankruptcy Act or a debt agreement under part IX Bankruptcy Act; (f) if the party is unable to pay its debts as and when they fall due or has stopped or suspended, or threatened to stop or suspend, payment of all or a class of its debts; (g) if the holder of an Encumbrance takes possession of the whole or substantial part of the undertaking or property of the party; or (h) if any event happens in Australia or any other country or territory in respect of a party that is similar to any of the events or circumstances referred to in this definition.
Irrigation Infrastructure Operator	means any corporation specified as the "Authority" for any of the Water Entitlements in item 6 of the Reference Schedule.
Law	means: (a) the principles of law or equity established by decisions of Australian courts; (b) any legislation, statutes, acts, rules, orders, regulations, by-laws, local laws, policies or ordinances which are enacted, issued or promulgated by the State, a Minister, the Chief Executive under the Water Act, a corporation or authority constituted for a public purpose or a local authority; and (c) requirements made or arising under or under any of the matters referred to in paragraphs (a) or (b) above.
Lease	means this document.
ML	means megalitre, or one million litres.
Option Percentage	means the percentage (if any) specified at item 7 of the Reference Schedule.

Option Term	means the period (if any) stated in Item 7 of the Reference Schedule.
Outgoings	means all costs and liabilities incurred by the Lessor which are associated with or otherwise incidental to owning or holding the Water Entitlements or the Water Allocations, or the taking of water under the Water Allocations by the Lessee, including any costs associated with holding shares in, comply with the rules of, or receiving water allocations from any Irrigation Infrastructure Operator.
Payment Period	means the period stated in Item 4 of the Reference Schedule.
Regulated Area	means the area to which each of the Water Entitlements apply, as set out in item 6 of the Reference Schedule.
Rent	means the annual rent payable by the Lessee to the Lessor under this Lease for each Water Year, as set out in Item 3 of the Reference Schedule.
Residual Water	has the meaning set out in clause 10.2.
Term	means the term of this Lease as specified in clause 2.
Term Transfer	means the assignment, term transfer or limited term transfer of the Water Entitlements, or any other form of temporary transfer (including directions to an Irrigation Infrastructure Operator to provide the Lessee with all water allocations of the Water Entitlements for a given Water Year).
Territory	means the state or territory specified at item 8 of the Reference Schedule.
Water Act	means: (a) the *Water Management Act 2000* (NSW) for Water Entitlements where the Regulated Area is within New South Wales; and (b) the *Water Act 1989* (Vic) for Water Entitlements where the Regulated Area is within Victoria, or, if an Act ceases to exist for any reason, means any Act replacing that Act for the purposes of regulating the Water Entitlements.
Water Allocation	means any water allocation (as defined in the Water Act) which the holder of the Water Entitlements is entitled to for the duration of the Term.
Water Entitlements	means the water entitlements described in Item 6 of the Reference Schedule.
Water Regulations	means the Water Act, any regulations made under that Act, the rules of any Irrigation Infrastructure Operator that apply to the Water Entitlements, and any water sharing plan, sustained water strategy, regional river health strategy, stream flow management plan, groundwater management plan or bulk entitlement that applies to the Water Entitlements.
Water Sale Agreement	means a water sale agreement on substantially the same terms as the water sale agreement entered into between the parties in July 2016 for the sale of the Water Entitlements.
Water Year	means each separate period of 12 months (or part thereof) of the Term, commencing on 1 July and ending on 30 June.

17.2 Interpretation

In this document:

(a) a reference to a clause, schedule, annexure or party is a reference to a clause of, and a schedule, annexure or party to, this document and references to this document include any schedules or annexures;

(b) a reference to a party to this document or any other document or agreement includes the party's successors, permitted substitutes and permitted assigns;

(c) if a word or phrase is defined, its other grammatical forms have a corresponding meaning;

(d) a reference to a document or agreement (including a reference to this document) is to that document or agreement as amended, supplemented, varied or replaced;

(e) a reference to this document includes the agreement recorded by this document;

(f) a reference to legislation or to a provision of legislation (including subordinate legislation) is to that legislation as amended, re-enacted or replaced, and includes any subordinate legislation issued under it;

(g) if any day on or by which a person must do something under this document is not a Business Day, then the person must do it on or by the next Business Day;

(h) a reference to a person includes a corporation, trust, partnership, unincorporated body, government and local authority or agency, or other entity whether or not it comprises a separate legal entity;

(i) a reference to 'month' means calendar month;

(j) this document is not to be interpreted against the interests of a party merely because that party proposed this document or some provision in it or because that party relies on a provision of this document to protect itself;

(k) a reference to a day is to be interpreted as the period of time commencing at midnight and ending 24 hours later;

(l) a reference to '$' or 'dollar' is to Australian currency;

(m) the meaning of any general language is not restricted by any accompanying example, and the words 'includes', 'including', 'such as' or 'for example' (or similar phrases) do not limit what else might be included.

Signing page

EXECUTED as a deed

Executed by **Lessor:**

Signature of director	Signature of director/company secretary (Please delete as applicable)
Name of director (print)	Name of director/company secretary (print)

Executed by **Lessee:**

Signature of director	Signature of director/company secretary (Please delete as applicable)
Name of director (print)	Name of director/company secretary (print)

Certificates

Murrumbidgee Irrigation Ltd

Growing opportunity - water and beyond.

Postal PO Box 492, Griffith NSW 2680
Offices Research Station Rd, Hanwood NSW 2680 | Dunn Ave, Leeton NSW 2705
Contact T (02) 6962 0200 | F (02) 6962 0209 | E info@mirrigation.com.au
www.mirrigation.com.au | ABN 39 084 943 037

Water Entitlements Certificate

[1] This is a Water Entitlements Certificate under the Water Entitlements Contract between the Company and the Customer whose name is set out in Item 1 of Schedule 1.

[2] This Water Entitlements Certificate evidences (but does not confer) the Customer's entitlement to the Water Entitlements set out in Item 2 of Schedule 1 as at the date set out in Item 3 of Schedule 1. The Customer is entitled to the number of Water Entitlements in respect of which the Customer is the registered holder in the Water Entitlements Register.

[3] Subject to the Water Entitlements Contract, the Company and the Customer must comply with the conditions set out in Schedule 2.

[4] In this Water Entitlements Certificate, unless the contrary intention appears, a word or phrase defined in the Water Entitlements Contract has the same meaning in this Water Entitlements Certificate. Clause 1.2 (Interpretation) of the Water Entitlements Contract applies to this Water Entitlements Certificate with the necessary changes.

Schedule 1 - Water Entitlements

Item 1 **Name of Customer**

DUXTON WATER PTY LTD

ABN 87609424786

Item 2 **Volumes and categories of Water Entitlements**

0 Megalitres of category 1
1773 Megalitres of category 3
0 Megalitres of category 5
0 Megalitres of category 6
0 Megalitres of category 7

Item 3 **Date**

15/04/2016

Schedule 2 - Other conditions

WATER ENTITLEMENT CERTIFICATE

Certificate No. 1297 W

WESTERN MURRAY IRRIGATION LIMITED
ACN 067 197 853
Incorporated in New South Wales

This is to certify that Duxton Water Pty Ltd of 13 Greenhill Road, WAYVILLE, SA, 5034 is the registered holder of a total of **two hundred twenty-eight (228.000)** Water Entitlements, comprised of:

One (1.000) Stock and Garden Water Entitlement/s
Two Hundred Twenty-Seven (227.000) High Security Water Entitlement/s

subject to the Water Entitlement Agreement with Western Murray Irrigation Limited and the Special Conditions (if any) set out below.

Dated: 23 May, 2016.

WESTERN MURRAY IRRIGATION LIMITED ACN 067 197 853 THE COMMON SEAL OF

Executed by **Western Murray Irrigation Limited ACN 067 197 853** in accordance with section 127 of the *Corporations Act 2001* (Cth)

Signature of authorised person

Director

Office Held

Kevin James Watson

Full name (BLOCK LETTERS)

Signature of authorised person

General Manager

Office Held

Anthony Couroupis

Full name (BLOCK LETTERS)

Special Conditions (if any):

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WATER ENTITLEMENT CERTIFICATE

Certificate No. **1292 W**

WESTERN MURRAY IRRIGATION LIMITED
ACN 067 197 853
Incorporated in New South Wales

This is to certify that Duxton Water Pty Ltd of 13 Greenhill Road, WAYVILLE, SA, 5034 is the registered holder of a total of **eight hundred twenty-two (822.000)** Water Entitlements, comprised of:

Eight Hundred Twenty-Two (822.000) High Security Water Entitlement/s

subject to the Water Entitlement Agreement with Western Murray Irrigation Limited and the Special Conditions (if any) set out below.

Dated: 23 May, 2016.

Executed by **Western Murray Irrigation Limited ACN 067 197 853** in accordance with section 127 of the *Corporations Act 2001* (Cth)

WESTERN MURRAY IRRIGATION LIMITED ACN 067 197 853 THE COMMON SEAL OF

Signature of authorised person

Director
Office Held

Kevin James Watson
Full name (BLOCK LETTERS)

Signature of authorised person

General Manager
Office Held

Anthony Couroupis
Full name (BLOCK LETTERS)

Special Conditions (if any):

SHARE CERTIFICATE

Certificate No. 2975

WESTERN MURRAY IRRIGATION LIMITED
ACN 067 197 853
Incorporated in New South Wales

Registered under the Corporations Act 2001 (Cth)

This is to certify that Duxton Water Pty Ltd of 13 Greenhill Road, WAYVILLE, SA, 5034 is the registered holder of **eight hundred twenty-two (822) fully paid B Class shares** numbered 248,347 to 249,168 (inclusive) (**Shares**) in, and subject to the Constitution of, Western Murray Irrigation Limited, on which the sum of $1.00 per Share has been paid and there remains no amount unpaid in respect of the Shares.



Dated: 23 May, 2016

Executed by **Western Murray Irrigation Limited ACN 067 197 853** in accordance with section 127 of the *Corporations Act 2001* (Cth)

Signature of authorised person

Director
Office Held

Kevin James Watson
Full name (BLOCK LETTERS)

Signature of authorised person

General Manager
Office Held

Anthony Couroupis
Full name (BLOCK LETTERS)

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WATER ENTITLEMENT CERTIFICATE

Certificate No. 1298 W

WESTERN MURRAY IRRIGATION LIMITED
ACN 067 197 853
Incorporated in New South Wales

This is to certify that Duxton Water Pty Ltd of 13 Greenhill Road, WAYVILLE, SA, 5034 is the registered holder of a total of **one hundred thirteen (113.000)** Water Entitlements, comprised of:

One (1.000) Stock and Garden Water Entitlement/s
One Hundred Twelve (112.000) High Security Water Entitlement/s

subject to the Water Entitlement Agreement with Western Murray Irrigation Limited and the Special Conditions (if any) set out below.

Dated: 23 May, 2016.

Executed by **Western Murray Irrigation Limited ACN 067 197 853** in accordance with section 127 of the *Corporations Act 2001* (Cth)

WESTERN MURRAY IRRIGATION LIMITED ACN 067 197 853 THE COMMON SEAL OF

Signature of authorised person
Director
Office Held
Kevin James Watson
Full name (BLOCK LETTERS)

Signature of authorised person
General Manager
Office Held
Anthony Couroupis
Full name (BLOCK LETTERS)

Special Conditions (if any):

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SHARE CERTIFICATE

Certificate No. 2981

WESTERN MURRAY IRRIGATION LIMITED
ACN 067 197 853
Incorporated in New South Wales

Registered under the Corporations Act 2001 (Cth)

This is to certify that Duxton Water Pty Ltd of 13 Greenhill Road, WAYVILLE, SA, 5034 is the registered holder of **one hundred thirteen (113) fully paid C Class shares** numbered 250,660 to 250,772 (inclusive) **(Shares)** in, and subject to the Constitution of, Western Murray Irrigation Limited, on which the sum of $1.00 per Share has been paid and there remains no amount unpaid in respect of the Shares.

Dated: 23 May, 2016

Executed by **Western Murray Irrigation Limited ACN 067 197 853** in accordance with section 127 of the *Corporations Act 2001* (Cth)

WESTERN MURRAY IRRIGATION LIMITED ACN 067 197 853 THE COMMON SEAL OF

Signature of authorised person

Director

Office Held

Kevin James Watson

Full name (BLOCK LETTERS)

Signature of authorised person

General Manager

Office Held

Anthony Couroupis

Full name (BLOCK LETTERS)

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WATER ENTITLEMENT CERTIFICATE

Certificate No. **1296 W**

WESTERN MURRAY IRRIGATION LIMITED
ACN 067 197 853
Incorporated in New South Wales

This is to certify that Duxton Water Pty Ltd of 13 Greenhill Road, WAYVILLE, SA, 5034 is the registered holder of a total of **two hundred thirty-seven (237.000)** Water Entitlements, comprised of:

One (1.000) Stock and Garden Water Entitlement/s
Two Hundred Thirty-Six (236.000) High Security Water Entitlement/s

subject to the Water Entitlement Agreement with Western Murray Irrigation Limited and the Special Conditions (if any) set out below.

Dated: 23 May, 2016.

WESTERN MURRAY IRRIGATION LIMITED ACN 067 197 853 THE COMMON SEAL OF

Executed by Western Murray Irrigation Limited ACN 067 197 853 in accordance with section 127 of the *Corporations Act 2001* (Cth)

Signature of authorised person

Director
Office Held

Kevin James Watson
Full name (BLOCK LETTERS)

Signature of authorised person

General Manager
Office Held

Anthony Couroupis
Full name (BLOCK LETTERS)

Special Conditions (if any):

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SHARE CERTIFICATE

Certificate No. 2979

WESTERN MURRAY IRRIGATION LIMITED
ACN 067 197 853
Incorporated in New South Wales

Registered under the Corporations Act 2001 (Cth)

This is to certify that Duxton Water Pty Ltd of 13 Greenhill Road, WAYVILLE, SA, 5034 is the registered holder of **three hundred ninety (390) fully paid C Class shares** numbered 250,042 to 250,431 (inclusive) (**Shares**) in, and subject to the Constitution of, Western Murray Irrigation Limited, on which the sum of $1.00 per Share has been paid and there remains no amount unpaid in respect of the Shares.

Dated: 23 May, 2016

Executed by **Western Murray Irrigation Limited ACN 067 197 853** in accordance with section 127 of the *Corporations Act 2001* (Cth)

WESTERN MURRAY IRRIGATION LIMITED ACN 067 197 853 THE COMMON SEAL OF

Signature of authorised person

Director
Office Held

Kevin James Watson
Full name (BLOCK LETTERS)

Signature of authorised person

General Manager
Office Held

Anthony Couroupis
Full name (BLOCK LETTERS)

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WATER ENTITLEMENT CERTIFICATE

Certificate No. 1295 W

WESTERN MURRAY IRRIGATION LIMITED
ACN 067 197 853
Incorporated in New South Wales

This is to certify that Duxton Water Pty Ltd of 13 Greenhill Road, WAYVILLE, SA, 5034 is the registered holder of a total of **one hundred seventeen (117.000)** Water Entitlements, comprised of:

One (1.000) Stock and Garden Water Entitlement/s
One Hundred Sixteen (116.000) High Security Water Entitlement/s

subject to the Water Entitlement Agreement with Western Murray Irrigation Limited and the Special Conditions (if any) set out below.

Dated: 23 May, 2016.

Executed by **Western Murray Irrigation Limited ACN 067 197 853** in accordance with section 127 of the *Corporations Act 2001* (Cth)

WESTERN MURRAY IRRIGATION LIMITED ACN 067 197 853 THE COMMON SEAL OF

Signature of authorised person

Director

Office Held

Kevin James Watson

Full name (BLOCK LETTERS)

Signature of authorised person

General Manager

Office Held

Anthony Couroupis

Full name (BLOCK LETTERS)

Special Conditions (if any):

SHARE CERTIFICATE

Certificate No. **2978**

WESTERN MURRAY IRRIGATION LIMITED
ACN 067 197 853
Incorporated in New South Wales

Registered under the Corporations Act 2001 (Cth)

This is to certify that Duxton Water Pty Ltd of 13 Greenhill Road, WAYVILLE, SA, 5034 is the registered holder of **one hundred seventeen (117) fully paid C Class shares** numbered 249,925 to 250,041 (inclusive) (**Shares**) in, and subject to the Constitution of, Western Murray Irrigation Limited, on which the sum of $1.00 per Share has been paid and there remains no amount unpaid in respect of the Shares.

Dated: 23 May, 2016

Executed by **Western Murray Irrigation Limited ACN 067 197 853** in accordance with section 127 of the *Corporations Act 2001* (Cth)

WESTERN MURRAY IRRIGATION LIMITED ACN 067 197 853 THE COMMON SEAL OF

Signature of authorised person

Director
Office Held

Kevin James Watson
Full name (BLOCK LETTERS)

Signature of authorised person

General Manager
Office Held

Anthony Couroupis
Full name (BLOCK LETTERS)

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WATER ENTITLEMENT CERTIFICATE

Certificate No. **1294 W**

WESTERN MURRAY IRRIGATION LIMITED
ACN 067 197 853
Incorporated in New South Wales

This is to certify that Duxton Water Pty Ltd of 13 Greenhill Road, WAYVILLE, SA, 5034 is the registered holder of a total of **one hundred three (103.000)** Water Entitlements, comprised of:

One Hundred Three (103.000) High Security Water Entitlement/s

subject to the Water Entitlement Agreement with Western Murray Irrigation Limited and the Special Conditions (if any) set out below.

Dated: 23 May, 2016.

Executed by **Western Murray Irrigation Limited ACN 067 197 853** in accordance with section 127 of the *Corporations Act 2001* (Cth)

WESTERN MURRAY IRRIGATION LIMITED ACN 067 197 853 THE COMMON SEAL OF

Signature of authorised person

Director

Office Held

Kevin James Watson

Full name (BLOCK LETTERS)

Signature of authorised person

General Manager

Office Held

Anthony Couroupis

Full name (BLOCK LETTERS)

Special Conditions (if any):

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SHARE CERTIFICATE

Certificate No. 2977

WESTERN MURRAY IRRIGATION LIMITED
ACN 067 197 853
Incorporated in New South Wales

Registered under the Corporations Act 2001 (Cth)

This is to certify that Duxton Water Pty Ltd of 13 Greenhill Road, WAYVILLE, SA, 5034 is the registered holder of **one hundred three (103) fully paid C Class shares** numbered 249,822 to 249,924 (inclusive) (**Shares**) in, and subject to the Constitution of, Western Murray Irrigation Limited, on which the sum of $1.00 per Share has been paid and there remains no amount unpaid in respect of the Shares.

Dated: 23 May, 2016

WESTERN MURRAY IRRIGATION LIMITED ACN 067 197 853 THE COMMON SEAL OF

Executed by **Western Murray Irrigation Limited ACN 067 197 853** in accordance with section 127 of the *Corporations Act 2001* (Cth)

Signature of authorised person

Director
Office Held

Kevin James Watson
Full name (BLOCK LETTERS)

Signature of authorised person

General Manager
Office Held

Anthony Couroupis
Full name (BLOCK LETTERS)

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WATER ENTITLEMENT CERTIFICATE

Certificate No. 1293 W

WESTERN MURRAY IRRIGATION LIMITED
ACN 067 197 853
Incorporated in New South Wales

This is to certify that Duxton Water Pty Ltd of 13 Greenhill Road, WAYVILLE, SA, 5034 is the registered holder of a total of **six hundred fifty-three (653.000)** Water Entitlements, comprised of:

Two (2.000) Stock and Garden Water Entitlement/s
Six Hundred Fifty-One (651.000) High Security Water Entitlement/s

subject to the Water Entitlement Agreement with Western Murray Irrigation Limited and the Special Conditions (if any) set out below.

Dated: 23 May, 2016.

Executed by **Western Murray Irrigation Limited ACN 067 197 853** in accordance with section 127 of the *Corporations Act 2001* (Cth)

WESTERN MURRAY IRRIGATION LIMITED ACN 067 197 853 THE COMMON SEAL OF

Signature of authorised person

Director
Office Held

Kevin James Watson
Full name (BLOCK LETTERS)

Signature of authorised person

General Manager
Office Held

Anthony Couroupis
Full name (BLOCK LETTERS)

Special Conditions (if any):

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SHARE CERTIFICATE

Certificate No. 2976

WESTERN MURRAY IRRIGATION LIMITED
ACN 067 197 853
Incorporated in New South Wales

Registered under the Corporations Act 2001 (Cth)

This is to certify that Duxton Water Pty Ltd of 13 Greenhill Road, WAYVILLE, SA, 5034 is the registered holder of **six hundred fifty-three (653) fully paid C Class shares** numbered 249,169 to 249,821 (inclusive) (**Shares**) in, and subject to the Constitution of, Western Murray Irrigation Limited, on which the sum of $1.00 per Share has been paid and there remains no amount unpaid in respect of the Shares.

Dated: 23 May, 2016

Executed by **Western Murray Irrigation Limited ACN 067 197 853** in accordance with section 127 of the *Corporations Act 2001* (Cth)

WESTERN MURRAY IRRIGATION LIMITED ACN 067 197 853 THE COMMON SEAL OF

Signature of authorised person

Director
Office Held

Kevin James Watson
Full name (BLOCK LETTERS)

Signature of authorised person

General Manager
Office Held

Anthony Couroupis
Full name (BLOCK LETTERS)

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WATER ENTITLEMENT CERTIFICATE

Certificate No. 1291 W

WESTERN MURRAY IRRIGATION LIMITED
ACN 067 197 853
Incorporated in New South Wales

This is to certify that Duxton Water Pty Ltd of 13 Greenhill Road, WAYVILLE, SA, 5034 is the registered holder of a total of **thirty-eight (38.000)** Water Entitlements, comprised of:

One (1.000) Stock and Garden Water Entitlement/s
Thirty-Seven (37.000) High Security Water Entitlement/s

subject to the Water Entitlement Agreement with Western Murray Irrigation Limited and the Special Conditions (if any) set out below.

Dated: 23 May, 2016.

Executed by **Western Murray Irrigation Limited ACN 067 197 853** in accordance with section 127 of the *Corporations Act 2001* (Cth)

WESTERN MURRAY IRRIGATION LIMITED ACN 067 197 853 THE COMMON SEAL OF

Signature of authorised person

Director
Office Held

Kevin James Watson
Full name (BLOCK LETTERS)

Signature of authorised person

General Manager
Office Held

Anthony Couroupis
Full name (BLOCK LETTERS)

Special Conditions (if any):

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SHARE CERTIFICATE

Certificate No. 2974

WESTERN MURRAY IRRIGATION LIMITED
ACN 067 197 853
Incorporated in New South Wales

Registered under the Corporations Act 2001 (Cth)

This is to certify that Duxton Water Pty Ltd of 13 Greenhill Road, WAYVILLE, SA, 5034 is the registered holder of **thirty-eight (38) fully paid C Class shares** numbered 248,309 to 248,346 (inclusive) (**Shares**) in, and subject to the Constitution of, Western Murray Irrigation Limited, on which the sum of $1.00 per Share has been paid and there remains no amount unpaid in respect of the Shares.

Dated: 23 May, 2016

Executed by **Western Murray Irrigation Limited ACN 067 197 853** in accordance with section 127 of the *Corporations Act 2001* (Cth)

WESTERN MURRAY IRRIGATION LIMITED ACN 067 197 853 THE COMMON SEAL OF

Signature of authorised person

Director
Office Held

Kevin James Watson
Full name (BLOCK LETTERS)

Signature of authorised person

General Manager
Office Held

Anthony Couroupis
Full name (BLOCK LETTERS)

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