

SECURITIES TRADING POLICY

Duxton Water Limited
ACN 611 976 517

Securities Trading Policy

1. Introduction

1.1 This policy imposes constraints on Directors, key management personnel and contractors trading in securities of Duxton Water Limited ACN 611 976 517 ("**Company**").

1.2 The Company's operations are managed pursuant to an investment management agreement with Duxton Capital (Australia) Pty Ltd. As a consequence the Company has no employees at the present time.

1.3 This policy has been adopted by the board of Directors of the Company (**Board**").

2. Explanation of terms

2.1 For the purposes of this policy:

2.1.1 "**designated officer**" means:

2.1.1.1 in case of the Directors, the Chair;

2.1.1.2 in the case of the Chair, the Chair of the Audit and Risk Committee; and

2.1.1.3 in the case of key management personnel or contractors of the Company, the Company secretary;

2.1.2 "**Director**" means any director or officer of the Company from time to time;

2.1.3 "**key management personnel**" means the Company secretary and all directors, employees and officers of the manager and manager group having significant knowledge of, or significant authority and responsibility for planning, directing and controlling all or major parts of the activities of the Company;

2.1.4 "**manager**" means Duxton Capital (Australia) Pty Ltd ACN 164 255 647 or any other applicable manager.

2.1.5 "**manager group**" means the manager and each of its related bodies corporate.

2.1.6 "**related bodies corporate**" has the same meaning as in the *Corporations Act 2001* (Cth).

2.1.7 "**securities**" includes shares in the Company, options over those shares and any other financial products of the Company traded on ASX;

2.1.8 "**trading day**" means any day that the ASX is open for trading; and

2.1.9 **"trading in securities**" includes:

2.1.9.1 applying for, acquiring or disposing of, securities;

2.1.9.2 entering into an agreement to apply for, acquire or dispose of, securities;

2.1.9.3 granting, accepting, exercising or discharging an option or other right or obligation to acquire or dispose of securities;

2.1.9.4 trading in financial products issued or created over securities of the Company; and

2.1.9.5 entering into transactions in financial products which operate to limit the economic risk of security holdings;

3. Objectives

3.1 The objectives of this policy are to:

3.1.1 minimise the risk of Directors, key management personnel and contractors of the Company contravening the laws against insider trading;

3.1.2 ensure the Company is able to meet its reporting obligations under the ASX Listing Rules; and

3.1.3 increase transparency with respect to trading in securities of the Company (including shares and options) by its Directors and key management personnel.

3.2 To achieve these objectives, Directors, key management personnel and contractors of the Company should consider this policy to be binding on them in the absence of a specific exemption by the Board.

4. What is insider trading?

4.1 The *Corporations Act 2001* (Cth) prohibits persons who are in possession of information that is not generally available to the public and which a reasonable person would expect to have a material effect on the price or value of securities in the Company (**Price Sensitive Information**) from:

4.1.1 trading in the securities; or

4.1.2 communicating the Price Sensitive Information to others who might trade in the securities.

4.2 Information is generally available to the public if, amongst other things, it consists of readily observable matters or it has been brought to the attention of investors by an announcement with ASX Limited (**ASX**) and a reasonable period for its dissemination has elapsed since the announcement.

4.3 Directors, key management personnel and contractors of the Company will from time to time be in a situation where they are in possession of Price Sensitive Information. Examples include information which may have a material effect on the Company's financial position and information regarding a major transaction which is being negotiated.

4.4 For these reasons, if any person believes that they may be in possession of Price Sensitive Information, the advice of the designated officer should be sought prior to any trading taking place during any period set out in clause 7, and steps should be taken to ensure that the designated officer is advised of all relevant considerations by the person proposing to trade.

5. No trading in securities of the Company when in possession of Price Sensitive Information

5.1 Directors, employees and contractors of the Company in possession of Price Sensitive Information must not at any time:

5.1.1 trade in securities of the Company;

5.1.2 advise, procure, encourage or suggest another person trade in securities of the Company; or

5.1.3 communicate the Price Sensitive Information, or cause the Price Sensitive Information to be communicated, to a person who may trade in securities of the Company or may procure another person to trade in securities of the Company.

5.2 A contravention of the insider trading prohibitions is an offence and exposes a person to criminal and civil liability, including liability under civil damages actions and compensation orders. The penalties for a breach of the insider trading prohibitions are serious and include severe fines and imprisonment.

5.3 Key management personnel must ensure that external advisors who receive Price Sensitive Information are bound by a confidentiality agreement or other enforceable confidentiality obligations.

5.4 From time to time, the Company may publish a list of companies whose securities Directors, key management personnel and contractors of the Company are prohibited from trading in due to the Company being in possession of Price Sensitive Information in respect of those companies (**Restricted Securities List**). Directors, key management personnel and contractors of the Company must not trade in securities of companies on the Restricted Securities List at any time.

6. No short-term trading in securities of the Company

6.1 Directors and key management personnel must not without approval of the Chairman engage in short-term trading in securities of the Company.

6.2 Short-term trading is considered to be trading where the acquisition and disposal of securities occurs within 3 months of each other.

7. Trading in securities of the Company during Trading Window only

7.1 In addition to the restrictions in clauses 5 and 6, Directors and key management personnel must only trade in securities of the Company during:

7.1.1 the six week period following the announcement of the Company's half yearly or annual financial results to ASX (**Trading Window**) but subject to any additional restriction that the Company may put in place during that period; and

7.1.2 any other period designated by the Board.

8. Trading in exceptional circumstances during periods outside the Trading Window

8.1 Directors and key management personnel who are not in possession of Price Sensitive Information may trade in, or engage in short-term trading of, securities of the Company, during periods outside the Trading Window if there are exceptional circumstances and he or she receives prior written clearance from the designated officer.

8.2 Exceptional circumstances are:

8.2.1 financial hardship which cannot be satisfied otherwise than by trading in securities of the Company; or

8.2.2 a court order directing the trading in securities of the Company.

8.3 Directors and key management personnel wishing to trade in, or engage in short-term trading of, securities of the Company during a period outside the Trading Window based on exceptional circumstances must apply in writing to the designated officer for prior written clearance to trade in those securities. The application must include the following information:

8.3.1 details of the exceptional circumstances;

8.3.2 the number of securities of the Company that he or she wishes to trade in;

8.3.3 the way in which he or she wishes to trade in those securities;

8.3.4 a request for clearance to trade in those securities; and

8.3.5 confirmation that he or she is not in possession of any Price Sensitive Information.

8.4 The designated officer must consider the objectives of this policy and the purpose of the ASX Listing Rules in making a determination as to whether to provide consent to trade in securities of the Company during a period outside the Trading Window or to allow short-term trading in securities.

8.5 Any consent provided by the designated officer under this policy must:

8.5.1 be in writing; and

8.5.2 outline the duration of the clearance (which must be no more than 5 trading days from the date of the provision of any consent).

9. Directors and key management personnel to obtain prior written clearance for trading in securities of the Company

9.1 Directors and key management personnel must obtain approval for any intended trading in securities of the Company from the designated officer. The request for approval must be submitted at least 3 trading days prior to the date of the trading and must include the following information:

9.1.1 the number of securities of the Company that he or she wishes to trade in;

9.1.2 the way in which he or she wishes to trade in those securities; and

9.1.3 confirmation that he or she is not in possession of any Price Sensitive Information.

9.2 Directors and key management personnel may only proceed with the trading in securities of the Company after having first obtained approval from the designated officer.

9.3 Approval is intended as a compliance monitoring function only and is not an endorsement of the proposed trading. Directors and key management personnel remain responsible for their own investment decisions and compliance with the law.

10. Notification of trading in securities of the Company

10.1 The ASX Listing Rules require the Company to notify ASX of trading in notifiable interests in securities of the Company by Directors within 5 business days.

10.2 Directors must notify the Company secretary immediately after trading in any securities of the Company and provide the Company with the requisite details of the trading for the Company to comply with the ASX Listing Rules.

10.3 Key management personnel (other than Directors, who must comply with clause 10.2) must notify the Company secretary immediately after acquiring or disposing of a relevant interest in any securities of the Company.

11. No hedging

Notwithstanding any other part of this policy, Directors and key management personnel must not at any time enter into transactions in associated products which operate to limit the economic risk of security holdings in the Company.

12. Margin lending

12.1 Any Director or key management personnel of the Company who enters into margin lending arrangements or otherwise encumbers their securities of the Company (**Security Arrangements**) is required to provide details of those Security Arrangements to the designated officer upon entering into, and on any change (other than a trivial or minor change) occurring to, the Security Arrangements. Security Arrangements may be subject to prohibitions on trading in securities of the Company contained in this policy.

12.2 The details of the Security Arrangements which must be provided under clause 12.1 must include the number of securities of the Company involved, any trigger points, the right of the lender or security holder to sell the securities unilaterally and any other material details.

12.3 Directors and key management personnel of the Company may take out margin loans over their holdings in the Company's securities. However, Directors and key management personnel must not allow a margin call to be met by the sale

of the Company's securities at a time when they would not be able to sell those securities themselves under this policy.

13. Penalties

A contravention of this policy by a Director, key management personnel or contractor of the Company may result in summary dismissal.

14. Application

14.1 This policy applies to all Directors, key management personnel and contractors of the Company.

14.2 For the purposes of this policy, Directors, key management personnel and contractors trading in securities of the Company includes "associates" of Directors, key management personnel and contractors of the Company trading in securities of the Company. It is incumbent on each Director, key management personnel and contractor of the Company to take reasonable steps to ensure that an associate does not trade in securities of the Company in contravention of this policy where the trading could be attributed to the Director, key management personnel or contractor concerned. "Associates" include relatives, controlled entities and entities acting in concert.

14.3 The following types of trading are excluded from the operation of this policy:

14.3.1 transfers of securities of the Company already held in a superannuation fund or other saving scheme in which the restricted person is a beneficiary and where the investments are made at the discretion of a third party;

14.3.2 an investment in, or trading in units of, a fund or other scheme (other than a scheme only investing in securities of the Company) where the assets of the fund or other scheme are invested at the discretion of a third party;

14.3.3 where a restricted person is a trustee, trading in securities of the Company by that trust provided the restricted person is not a beneficiary of the trust and any decision to trade during a prohibited period is taken by the other trustees or by the investment managers independently of the restricted person;

14.3.4 undertakings to accept, or the acceptance of, a takeover offer;

14.3.5 trading under an offer or invitation made to all or most of the security holders, such as a rights issue, a security purchase plan, a dividend or distribution reinvestment plan and an equal access buy-back, where the plan that determines the timing and structure of the offer has been approved by the Board. This includes decisions relating to whether or not to take up the entitlements and the sale of entitlements required to provide for the take up of the balance of the entitlements under a renounceable pro rata issue;

14.3.6 a disposal of securities of the Company that is the result of a secured lender exercising their rights, for example, under a margin lending arrangement; and

14.3.7 the exercise (but not the sale of securities of the Company following exercise) of an option or a right under an employee incentive scheme, or the conversion of a convertible security.

15. **Contact**

If you have any questions about any of the issues raised in this policy you should contact the designated officer.

Adopted on 25 July 2016