

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this document or as to the action you should take, you are recommended to seek your own personal financial advice immediately from your stockbroker, bank manager, solicitor, accountant or other independent financial adviser authorised under the Financial Services and Markets Act 2000 (as amended), who specialises in advising on the acquisition of shares and other securities.

If you have sold or transferred all of your registered holding of Ordinary Shares, you should forward this document, together with the accompanying Form of Proxy, immediately to the purchaser or transferee or to the stockbroker, bank or other agent through whom the sale or transfer was effected for delivery to the purchaser or transferee. If you have sold only part of your holding of Ordinary Shares, please contact your stockbroker, bank or other agent through whom the sale or transfer was effected immediately.

The Directors, whose names are set out on page 7 of this document, accept responsibility, both collectively and individually, for the information contained in this document. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

Water Intelligence PLC

(Incorporated and registered in England and Wales no. 03923150)

Proposed Share Capital Reorganisation Proposed Share Capital Reduction and Notice of General Meeting

A notice convening a General Meeting of Water Intelligence PLC to be held at 10.00 a.m. on 29 March 2016 at the Company's registered office at 201 Temple Chambers, 3-7 Temple Avenue, London, EC4Y 0DT is set out at the end of this document. Whether or not you intend to be present at the General Meeting, you are urged to complete and return the enclosed Form of Proxy, in accordance with the instructions printed thereon, so as to arrive as soon as possible and in any event by no later than 10.00 a.m. on 23 March 2016.

WH Ireland Group Plc ("WH Ireland") which is authorised and regulated in the United Kingdom by the Financial Conduct Authority, is acting as corporate adviser and broker to the Company and is not acting for any other person nor will WH Ireland otherwise be responsible to any person for providing the protections afforded to clients of WH Ireland, or for advising any other person in respect of the Proposals. WH Ireland's responsibilities as the Company's nominated adviser under the AIM Rules are owed solely to the London Stock Exchange and are not owed to the Company or to any Director or to any other person.

No representation, express or implied, is made by WH Ireland as to any of the contents of this document (without limiting the statutory rights of any person to whom this document is issued). WH Ireland has not approved the contents of, or any part of, this document and no liability whatsoever is accepted by WH Ireland for the accuracy of any information or opinions contained in this document or for the omission of any information.

The Ordinary Shares are admitted to trading on AIM. Application will be made to the London Stock Exchange for the New Ordinary Shares to be admitted to trading on AIM. It is expected that Admission will become effective and that dealings will commence at 8.00 a.m. on 30 March 2016.

Nothing in this document is intended, or is to be construed, as a profit forecast or to be interpreted to mean that earnings per Ordinary Share and/or New Ordinary Share for the current or future financial years, will necessarily match or exceed the historical published earnings per Ordinary Share.

Copies of this document are available from the Company's registered office at 201 Temple Chambers, 3-7 Temple Avenue, London, EC4Y 0DT from the date of this document to the date of the General Meeting and also from the Company's web site: www.waterintelligence.co.uk.

IMPORTANT NOTICE

Cautionary note regarding forward-looking statements

This document includes statements that are, or may be deemed to be, “forward-looking statements”. These forward-looking statements can be identified by the use of forward-looking terminology, including the terms “believes”, “estimates”, “plans”, “projects”, “anticipates”, “expects”, “intends”, “may”, “will”, or “should” or, in each case, their negative or other variations or comparable terminology. These forward-looking statements include matters that are not historical facts. They appear in a number of places throughout this document and include statements regarding the Directors’ current intentions, beliefs or expectations concerning, among other things, the Group’s results of operations, financial condition, liquidity, prospects, growth, strategies and the Group’s markets.

By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances. Actual results and developments could differ materially from those expressed or implied by the forward-looking statements.

Forward-looking statements may and often do differ materially from actual results. Any forward-looking statements in this document are based on certain factors and assumptions, including the Directors’ current view with respect to future events and are subject to risks relating to future events and other risks, uncertainties and assumptions relating to the Group’s operations, results of operations, growth strategy and liquidity. Whilst the Directors consider these assumptions to be reasonable based upon information currently available, they may prove to be incorrect. Save as required by law or by the AIM Rules, the Company undertakes no obligation to publicly release the results of any revisions to any forward-looking statements in this document that may occur due to any change in the Directors’ expectations or to reflect events or circumstances after the date of this document.

Shareholders should also note that, although completion of the Capital Reorganisation described in this document is expected to create distributable reserves which are a pre-requisite to the Company paying a future dividend, this is subject to the Court’s requirements regarding the protection of creditors and nothing in this document should be construed as a statement of future intention or commitment of any sort on the part of the Company regarding the payment, timing or amount of any future dividends (if any).

Capital Reduction subject to Court confirmation

Completion of the Capital Reduction is subject to confirmation by the Court. There is no guarantee that this confirmation will be obtained and any confirmation granted may be subject to conditions relating to protection of the Company’s creditors which may reduce or eliminate the distributable reserves available for a substantial period of time.

Notice to overseas persons

The distribution of this document and/or the Form of Proxy in certain jurisdictions may be restricted by law and therefore persons into whose possession these documents comes should inform themselves about and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

References to defined terms

Certain terms used in this document are defined and certain technical and other terms used in this document are explained at the section of this document under the heading “Definitions”.

In the document, references to “pounds sterling”, “£”, “pence” and “p” are to the lawful currency of the United Kingdom and references to “dollars”, “\$” and “US\$” are to the lawful currency of the United States of America.

All times referred to in this document are, unless otherwise stated, references to London time.

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EXPECTED TIMETABLE OF PRINCIPAL EVENTS

	<i>2016</i>
Publication date of this document	7 March
Latest time and date for receipt of Forms of Proxy	10.00 a.m. on 23 March
General Meeting	10.00 a.m. on 29 March
Consolidation and Sub-Division Record Date	6.00 p.m. on 29 March
Effective time of the Consolidation and Sub-Division, Admission and dealings in New Ordinary Shares expected to commence on AIM	8.00 a.m. on 30 March
CREST accounts credited with New Ordinary Shares	30 March
Court directions hearing	8 April
Capital Reduction Record Date	6.00 p.m. on 19 April ¹
Court hearing to confirm the Capital Reduction	20 April ¹
Registration of Court Order and effective date of the Capital Reduction	21 April ²
Anticipated date of dispatch for share certificates in respect of New Ordinary Shares	Within 10 business days of Admission
Anticipated date of dispatch of cheques following sale of Fractional Entitlement Shares	Within 10 business days of Admission ³

If any details contained in the timetable above should change, the revised times and dates will be notified by means of an announcement through a Regulatory Information Service.

Notes:

1. This date is subject to any changes which may be imposed by the Court.
2. This date will depend on, amongst other things, the date on which the Court confirms the Capital Reduction.
3. This date is subject to market conditions.

TRANSACTION STATISTICS

Existing Ordinary Shares	10,617,650
New Ordinary Shares in issue immediately following the Capital Reorganisation	10,617,720 ¹
Nominal share value post Capital Reorganisation	1p
Proposed New ISIN	GB00BZ973D04

Notes:

1. Assumes no Ordinary Shares are issued between the date of this document and the Consolidation and Sub-Division Record Date other than an additional 70 Ordinary Shares to be issued for the purposes of facilitating the Consolidation.

DEFINITIONS

The following definitions apply throughout this document, unless the context otherwise requires:

“Act”	the Companies Act 2006 (as amended)
“Admission”	the admission of the New Ordinary Shares to trading on AIM becoming effective
“AIM”	the AIM market of the London Stock Exchange
“AIM Rules”	the AIM Rules for Companies issued by the London Stock Exchange
“Capital Reduction”	the proposed reduction of the Company’s capital through the cancellation of the Company’s share premium account, capital redemption reserve, Deferred Shares and Capital Reduction Shares pursuant to Resolution 2 as set out in the Notice
“Capital Reduction Shares”	the new B ordinary shares in the capital of the Company to be issued as part of the Merger Reserve Capitalisation having the rights and restrictions set out in Resolution 2(v) as set out in the Notice
“Capital Reduction Record Date”	6.00 p.m. on 19 April 2016 (or such other time and date as the Directors may determine)
“Capital Reorganisation”	the proposed reorganisation of the Company’s capital comprising the Capital Reduction, the Consolidation and the Sub-Division
“Company”	Water Intelligence PLC
“Consolidated Ordinary Shares”	the ordinary shares of £2.30 each created by the Consolidation
“Consolidation”	the proposed consolidation of the Company’s ordinary share capital resulting in every 230 Existing Ordinary Shares being consolidated into 1 Consolidated Ordinary Share pursuant to Resolution 1(i) as set out in the Notice
“Consolidation and Sub-Division Record Date”	6.00 p.m. on 29 March 2016 (or such other time and date as the Directors may determine)
“Court”	the High Court of Justice of England and Wales
“Court Order”	the order to be sought by the Company from the Court confirming the Capital Reduction
“CREST”	the relevant system (as defined in the CREST Regulations) in respect of which Euroclear UK and Ireland Limited is the Operator (as defined in CREST Regulations)
“CREST Regulations”	the Uncertified Securities Regulations 2001 (SI 2001/3775) as amended and any applicable rules made thereunder
“Deferred Shares”	the 808,450,760 deferred shares of £0.01 each in issue as at the date of this document
“Directors” or “the Board”	the directors of the Company whose names are set out on page 7 of this document

“DTRs”	the Disclosure Rules and Transparency Rules published by the Financial Conduct Authority from time to time
“Existing Ordinary Shares”	the 10,617,650 Ordinary Shares of £0.01 each in issue as at the date of this document
“Form of Proxy”	the form of proxy for use in relation to the General Meeting which accompanies this document
“Fractional Shareholder”	a shareholder who, as a result of the Consolidation, would only be entitled to a fraction of a Consolidated Ordinary Share in respect of their holding of Existing Ordinary Shares on the Consolidation and Sub-Division Record Date
“Fractional Entitlement Shares”	Consolidated Ordinary Shares made up from the fractional entitlements of Fractional Shareholders on the Consolidation
“GM” or “General Meeting”	the general meeting of the Company convened for 10.00 a.m. on 29 March 2016 by the Notice set out in this document, to be held at 201 Temple Chambers, 3–7 Temple Avenue, London, EC4Y 0DT for the purpose of considering and, if thought fit, passing the Resolutions
“Group”	the Company and its subsidiaries and subsidiary undertakings
“London Stock Exchange”	London Stock Exchange plc
“Merger Reserve Capitalisation”	the capitalisation of US\$7,500,000 of the Company’s merger reserve through the issue of the Capital Reduction Shares as further described in the letter from the Chairman at pages 7 to 12 of this document
“New Ordinary Shares”	the ordinary shares of £0.01 each in the capital of the Company arising on the completion of the Sub-Division
“Notice”	the notice convening the General Meeting which is set out at the end of this document
“Ordinary Shares”	the ordinary shares of £0.01 each in the capital of the Company
“Proposals”	the Capital Reorganisation and the Resolutions
“Resolutions”	the resolutions to be proposed at the General Meeting as set out in the Notice
“Shareholders”	person(s) who is/are registered as holder(s) of ordinary shares of the Company from time to time
“Sub-Division”	the proposed sub-division of each Consolidated Ordinary Share into 230 New Ordinary Shares pursuant to Resolution 1(ii) as set out in the Notice
“UK”	the United Kingdom
“WH Ireland”	WH Ireland Group plc of 24 Martin Lane, London, EC4R 0DR, the Company’s Nominated Adviser and Broker for the purposes of the AIM Rules

LETTER FROM THE CHAIRMAN

Water Intelligence PLC

(Incorporated and registered in England and Wales no. 03923150)

Directors

Patrick DeSouza, *Executive Chairman*
David Silverstone, *Executive Director*
Stephen Leeb, *Non-Executive Director*
Robert James Grenville Mitchell, *Non-Executive Director*
William Michael Reisman, *Non-Executive Director*

Registered Office

201 Temple Chambers
3-7 Temple Avenue
London EC4Y 0DT

7 March 2016

Dear Shareholder,

Proposed Share Capital Reorganisation Proposed Share Capital Reduction and Notice of General Meeting

1. Introduction

I am writing in connection with the proposals announced today to rationalise the Company's shareholder register and to create distributable reserves in order to put the Company in a position to be able to pay dividends and/or buy back its shares in future, should it be appropriate to do so.

The Company has a share register which includes a large number of Shareholders holding a very small percentage of the total Ordinary Shares, which creates a significant financial and logistical burden for the Company. Therefore a consolidation and sub-division of the Company's Existing Ordinary Shares is proposed in this document, which the Board has deemed to be an appropriate and commonly used method of tidying a company's share register. The purpose of the proposed Consolidation and Sub-Division is to rationalise the large shareholder base of the Company, thereby reducing the costs to the Company of administering the shareholder base and also providing an exit for Shareholders with very small holdings and little economic interest in the Company.

A capital reduction is also proposed in this document. Due to a trading history which is largely now irrelevant and as a result of the reverse takeover of the Company in 2010, the Company has large accumulated losses and a consequent lack of distributable reserves. Accordingly, it cannot pay dividends or buy back its shares. Therefore, in order for the Company to be in a position to pay any dividends (or buy back any of its shares) in future, it will be necessary to create distributable reserves through undertaking a Court-sanctioned reduction of capital. The Company has a substantial share premium account and capital redemption reserve on its balance sheet which could be set against the accumulated losses with Court approval. The Company also maintains a merger reserve the majority of which can be capitalised and used to pay up Capital Reduction Shares to Shareholders which can then be cancelled together with the Company's existing Deferred Shares, again, subject to Court approval. Altogether (and subject to the Court's requirements regarding the protection of creditors), this would generate US\$31,497,995 for the Company to set against its accumulated losses which, as at 31 December 2014 amounted to US\$24,671,150, thereby generating positive distributable reserves (subject to the Court's creditor protection requirements) of up to US\$6,826,845.

Shareholder approval is required for each element of the Capital Reorganisation.

The purpose of this document is to provide you with information about the background to and the reasons for the Capital Reorganisation, to explain why the Board considers the Capital Reorganisation to be in the best interests of the Company and its Shareholders as a whole, and why the Board unanimously recommends that Shareholders vote in favour of the Resolutions to be proposed at the General Meeting, notice of which is set out at the end of this document.

2. The Consolidation and Sub-Division

Background

As at 4 March 2016 (being the latest practicable date prior to the publication of this document), the Company had 10,617,650 Existing Ordinary Shares in issue, having a mid-market price per Existing Ordinary Share at the close of business on such date of £0.625. As at that date, the Company had 1,180 Shareholders, of which 1,027 Shareholders represented in aggregate approximately 87 per cent. of the total number of Shareholders but only approximately 0.26 per cent. of the total issued share capital of the Company. Each of these 1,027 Shareholders held fewer than 230 Existing Ordinary Shares having a maximum value of approximately £143.12 (based upon the closing mid-market share price of an Existing Ordinary Share of 62.5p on 4 March 2016), and the average holding of these Shareholders was approximately 27 Existing Ordinary Shares with an average value of approximately £16.88.

The current size of the Shareholder register places a financial and administrative burden on the Company which is disproportionate to its size. Your Board believes that the cost of administering the Company's Shareholder register and communicating with such a large number of Shareholders (many of whom have only a small interest in the Company) is to the detriment of the Company and its current Shareholders taken as a whole.

As explained further below, and subject to completion of the Consolidation and Sub-Division, Shareholders with shareholdings of fewer than 230 Existing Ordinary Shares on the Consolidation and Sub-Division Record Date will receive cash in lieu of shares, provided that the cash amount due is £5.00 or more. The Board is conscious that the ancillary dealing costs which would be incurred by Shareholders in individually realising investments of this size through market sales, coupled with the current limited liquidity of the Existing Ordinary Shares, would be prohibitive in many circumstances. Accordingly, the Consolidation and Sub-Division provides a realisation event for such Shareholders at a significantly reduced cost. Shareholders who hold more than 230 Existing Ordinary Shares but whose shareholding is not exactly divisible by 230 on the Consolidation and Sub-Division Record Date will also receive cash in respect of excess shares left over following the Consolidation, provided that the cash amount due is £5.00 or more.

The Consolidation

Upon implementation of the Consolidation, Shareholders on the register of members of the Company at the Consolidation and Sub-Division Record Date, will exchange every 230 Existing Ordinary Shares that they hold for one Consolidated Ordinary Share. As all existing ordinary shareholdings in the Company are proposed to be consolidated, the proportion of the issued ordinary share capital of the Company held by each Shareholder immediately before and after the Consolidation will, save for fractional entitlements and those holding fewer than 230 Existing Ordinary Shares, remain relatively unchanged.

To effect the Consolidation, it is likely to be necessary to issue a minimal number of additional Ordinary Shares (anticipated to be 70 additional Ordinary Shares) prior to the Consolidation and Sub-Division Record Date so that the aggregate nominal value of the ordinary share capital of the Company is exactly divisible by 230.

No Shareholder will be entitled to a fraction of a Consolidated Ordinary Share and where, as a result of the Consolidation, any Shareholder would otherwise be entitled to a fraction only of a Consolidated Ordinary Share in respect of their holding of Existing Ordinary Shares on the Consolidation and Sub-Division Record Date (a "**Fractional Shareholder**"), such fractions will be aggregated with the fractions of Consolidated Ordinary Shares to which other Fractional Shareholders of the Company may be entitled so as to form full Consolidated Ordinary Shares ("**Fractional Entitlement Shares**") and, following the Sub-Division, the resulting New Ordinary Shares will be sold, as explained below.

This means that any such Fractional Shareholders will not have a resultant proportionate shareholding of Consolidated Ordinary Shares exactly equal to their proportionate holding of Existing Ordinary Shares, and as noted above, Shareholders with only a fractional entitlement to a Consolidated Ordinary Share (i.e. those Shareholders holding fewer than 230 Existing Ordinary Shares at the Consolidation and Sub-Division Record Date) will cease to be Shareholders of the Company and will receive cash in lieu of their fractional entitlements (subject to a minimum value of £5.00 as further explained in the paragraph entitled “The Sub-Division” below.).

Accordingly, Shareholders currently holding fewer than 230 Existing Ordinary Shares who wish to remain a Shareholder of the Company following the Consolidation would need to increase their shareholding to at least 230 Existing Ordinary Shares prior to the Consolidation and Sub-Division Record Date. Shareholders in this position are encouraged to obtain independent financial advice before taking any action.

The Sub-Division

Immediately following the Consolidation, each Consolidated Ordinary Share will be sub-divided into 230 New Ordinary Shares.

As a result of the Sub-Division, the New Ordinary Shares will have a nominal value of £0.01 each, which is the same as the nominal value for Existing Ordinary Shares.

The New Ordinary Shares arising from the Fractional Entitlement Shares following the Consolidation will be sold on behalf of the relevant Fractional Shareholders. WH Ireland, the Company’s broker, will use its reasonable endeavours to procure that the shares are sold in the market and the net proceeds of sale distributed amongst the relevant Shareholders *pro rata* to their shareholdings on the Consolidation and Sub-Division Record Date. The Company anticipates that the net proceeds of the sale will be distributed to shareholders within 10 business days of Admission, although this will ultimately be decided by prevailing market conditions.

In the event that the net proceeds of sale are five pounds (£5.00) or more per any entitled Fractional Shareholder following the Consolidation, then such proceeds will be paid to the relevant Fractional Shareholder. However, if such net proceeds of sale amount to less than five pounds (£5.00) per any entitled Fractional Shareholder, the costs that would be incurred in distributing such proceeds are likely to exceed the total net proceeds distributable to such Fractional Shareholders. The Board is therefore of the view that, as a result of the disproportionate costs in such circumstances, it would not be in the Company’s best interests to distribute such proceeds of sale and the proceeds will instead be retained for the benefit of the Company in accordance with Resolution 1(i)(b).

Application will be made for the New Ordinary Shares to be admitted to trading on AIM and the implementation of the Consolidation and Sub-Division is conditional on Admission occurring. This is expected to take place at 8.00 a.m. on 30 March 2016, the day after the General Meeting.

Example

If a Shareholder holds 8,710 Existing Ordinary Shares at the Consolidation and Sub-Division Record Date, such Shareholder will, following the implementation of the Consolidation, hold 37 Consolidated Ordinary Shares derived from 8,510 Existing Ordinary Shares with the remaining 200 Existing Ordinary Shares forming a fractional entitlement of a Consolidated Ordinary Share. Immediately following the Consolidation, these 37 Consolidated Ordinary Shares will then be sub-divided pursuant to the Sub-Division into 8,510 New Ordinary Shares. The fractional entitlement to a Consolidated Ordinary Share will be amalgamated with the fractional entitlements of other Shareholders to form a complete Consolidated Ordinary Share and sold, with the Shareholder receiving cash *pro rata* (provided the net proceeds of sale are £5.00 or more).

Resulting share capital

The issued share capital of the Company on Admission immediately following the Consolidation and Sub-Division is expected to comprise 10,617,720 New Ordinary Shares, which is equal to the number of Existing Ordinary Shares plus the additional 70 Ordinary Shares expected to be issued prior to the Consolidation and Sub-Division Record Date to facilitate the Consolidation.

Rights attaching to the New Ordinary Shares

The New Ordinary Shares arising on implementation of the Consolidation and Sub-Division will have the same rights as the Existing Ordinary Shares, including voting, dividend and other rights.

Effect on options etc.

The entitlements to Existing Ordinary Shares of holders of securities or instruments convertible into ordinary shares (such as options or warrants) will not change as a result of the Consolidation and Sub-Division.

3. The Capital Reduction

In order to support the Company's ability to pay future dividends (should circumstances in the future make it desirable to do so) and/or buy back New Ordinary Shares in future, the Company is proposing to create distributable reserves as further described below.

As at 31 December 2014, as shown in the Company's audited accounts for the year ended on that date, the Company had a profit and loss account deficit of US\$24,671,150 but it had the following items on its balance sheet:

- the balance standing to the credit of the Company's share premium account was US\$4,800,610;
- the balance standing to the credit of the Company's capital redemption reserve was US\$6,517,644;
- the balance standing to the credit of the Company's merger reserve was US\$8,501,150; and
- there were 808,450,760 Deferred Shares in issue with a combined nominal value in US dollars of US\$12,679,741 (based on an exchange rate of approximately £1:US\$1.5684).

The Company is seeking the approval of the Shareholders to:

- cancel its share premium account;
- cancel its capital redemption reserve;
- capitalise US\$7,500,000 of the merger reserve by way of the issue of the Capital Reduction Shares to Shareholders which will then be cancelled; and
- cancel the Deferred Shares,

all of which will increase the Company's distributable reserves, subject to the discharge of any undertakings required by the Court as explained below. If approved by the Shareholders, the Capital Reduction will require subsequent approval by the Court.

Accordingly, subject to Shareholder approval, an application will be made to the Court in order to confirm and approve the Capital Reduction. In seeking this approval, the Company will be required to give such undertakings or other form of creditor protection as the Court may require for the benefit of the Company's creditors at the date on which the Capital Reduction becomes effective. These may include seeking the consent of the creditors to the cancellation or the provision by the Company to the Court of an undertaking to deposit a sum of money into a blocked account created for the purpose of discharging creditors of the Company or to create a non-distributable reserve in its accounts (which may comprise, *inter alia*, the entire reserves created by the Capital Reduction). It is anticipated that the initial directions hearing in relation to the Capital Reduction will take place on 8 April 2016, with the final hearing taking place on 20 April 2016 and the Capital Reduction becoming effective on 21 April 2016 following the necessary registration of the Court Order at Companies House.

Shareholders should note that the Capital Reduction itself will not involve any distribution or repayment of capital or share premium by the Company and will not reduce the underlying net assets of the Company. The distributable reserves arising from the Capital Reduction will, subject to the terms of any undertakings required by the Court as explained above, support the Company's ability to undertake dividend payments and share buybacks in future should it become desirable to do so.

The Board reserves the right to abandon or discontinue (in whole or in part) the application to the Court in the event that the Board considers that the terms on which the Capital Reduction would be (or would likely to be) confirmed by the Court would not be in the best interests of the Company and/or the Shareholders

as a whole. The Directors have undertaken a review of the Company's liabilities (including contingent liabilities) and consider that the Company will be able to satisfy the Court that, as at the date (if any) on which the Court Order relating to the Capital Reduction and the statement of capital in respect of the Capital Reduction have both been registered by the Registrar of Companies at Companies House and the Capital Reduction therefore becoming effective, the Company's creditors will be sufficiently protected.

4. Resolutions and Notice of General Meeting

The notice convening the General Meeting for 10.00 a.m. on 29 March 2016 is set out at the end of this document.

The Resolutions set out in the Notice, of which resolution 1 is proposed as an ordinary resolution and resolution 2 is proposed as special resolution, are as follows:

- Resolution 1 has been proposed to obtain the approval of Shareholders for the Consolidation and Sub-Division (including authorising the sale in the market of New Ordinary Shares arising from Fractional Entitlement Shares). Resolution 1 is conditional on Admission.
- Resolution 2 has been proposed to obtain the approval of Shareholders for all elements of the Capital Reduction (including the issue of the Capital Reduction Shares which will be cancelled). Resolution 2 is conditional on Resolution 1 being passed and on the approval of the Court.

Shareholders are reminded that at the Annual General Meeting of the Company that took place on 30 June 2015, the directors of the Company were generally authorised for the purposes of section 551 of the Act to allot equity securities up to an aggregate nominal amount of £20,000 (2,000,000 Ordinary Shares). Further, statutory pre-emption rights arising under section 561 of the Act were dis-applied generally to allotments of equity securities up to an aggregate nominal amount of £15,000 (1,500,000 Ordinary Shares). These authorities remain in place and valid until the next annual general meeting of the Company (unless they are previously renewed, varied or revoked by the Company in general meeting).

5. Action to be taken

You will find accompanying this document, a Form of Proxy for use at the General Meeting. Whether or not you propose to attend the General Meeting in person, you are encouraged to complete the Form of Proxy and return it to Neville Registrars Limited, Neville House, 18 Laurel Lane, Halesowen, West Midlands, B63 3DA, so as to arrive as soon as possible, but in any event so as to be received no later than 10.00 a.m. on 23 March 2016.

You are entitled to appoint a proxy to attend and vote instead of you. However, completion and return of a Form of Proxy will not preclude you from attending and voting at the General Meeting if you wish.

6. Application to trading on AIM

Conditional upon the Consolidation and Sub-Division being approved by Shareholders at the General Meeting, application will be made to the London Stock Exchange for the New Ordinary Shares to be admitted to trading on the London Stock Exchange and it is expected that Admission will be effective and trading will commence at 8.00 a.m. on 30 March 2016.

Immediately following Admission, the Company will have 10,617,720 New Ordinary Shares in issue (assuming 70 ordinary shares are allotted before the Consolidation and Sub-Division Record Date for the purposes of facilitating the Consolidation). Since the Company currently holds no shares in treasury, the total number of voting rights in the Company on Admission is expected to be 10,617,720 and this figure may therefore be used by Shareholders after Admission as the denominator for the calculations by which they will determine if they are required to notify their interest in, or a change in their interest in, the share capital of the Company under the DTRs.

7. Recommendation

The Directors consider that the Capital Reorganisation is in the best interests of Shareholders as a whole. Accordingly, the Directors unanimously recommend that you vote in favour of the Resolutions, as they intend to do in respect of their own shareholdings, which in aggregate total 3,063,361 Existing Ordinary Shares representing approximately 28.6 per cent. of the existing issued ordinary share capital of the Company.

Yours faithfully

Patrick DeSouza
Executive Chairman

NOTICE OF GENERAL MEETING

Water Intelligence PLC

(Incorporated and registered in England and Wales no. 03923150)
(the "**Company**")

NOTICE IS HEREBY GIVEN that a general meeting of the Company (the "**Meeting**") will be held at the offices of ONE Advisory Group Limited, 201 Temple Chambers, 3–7 Temple Avenue, London, EC4Y 0DT at 10.00 a.m. on 29 March 2016 to consider and, if thought fit, pass the following resolutions, resolution 1 being proposed as an ordinary resolution and resolution 2 being proposed as a special resolution of the Company:

1. THAT, subject to and conditional on admission of the New Ordinary Shares (as defined below) to trading on AIM, the market of that name operated by London Stock Exchange plc, becoming effective:
 - (i) every 230 ordinary shares of £0.01 each in the capital of the Company which, at 6.00 p.m. on 29 March 2016 are shown in the books of the Company to be in issue, be consolidated (the "**Consolidation**") into one consolidated ordinary share of £2.30 in the capital of the Company (each a "**Consolidated Ordinary Share**"), each such Consolidated Ordinary Share having the same rights and being subject to the same restrictions (save as to nominal value) as the existing ordinary shares of £0.01 each in the capital of the Company as set out in the Company's articles of association, provided that:
 - (a) where the Consolidation results in any member being entitled to a fraction of a Consolidated Ordinary Share, such fraction shall, so far as possible, be aggregated with the other fractions of Consolidated Ordinary Shares to which other members of the Company may be entitled (each such Consolidated Ordinary Share representing such fractions being a "**Fractional Entitlement Share**");
 - (b) the directors of the Company (a "**Director**") be and are authorised to sell (or to appoint another person to sell) on behalf of the relevant members, all the Fractional Entitlement Shares or any New Ordinary Shares (as defined below) arising therefrom, at the best price then reasonably obtainable to any person, and to pay the purchase price (net of expenses) in due proportion among the relevant members entitled thereto (save that no amount shall be paid to any member where the individual amount of net proceeds to which any member is entitled is less than £5.00 (which proceeds may be retained for the benefit of the Company) and any fraction of a penny which would otherwise be payable shall be rounded down in accordance with the usual practice of the registrar of the Company); and
 - (c) any Director (or any person appointed by the Directors) shall be and is hereby authorised on behalf of all relevant members to execute an instrument or transfer in respect of such Fractional Entitlement Shares or any New Ordinary Shares (as defined below) arising therefrom and to do all acts and things the Directors consider necessary or expedient to effect the transfer of such shares to, or in accordance with the directions of, any buyer of any such shares; and
 - (ii) immediately following the Consolidation, each Consolidated Ordinary Share in issue be sub-divided into 230 ordinary shares of £0.01 each in the capital of the Company (each a "**New Ordinary Share**") and having the same rights and being subject to the same restrictions as the existing ordinary shares of £0.01 each in the capital of the Company as set out in the Company's articles of association (the "**Sub-Division**").

2. THAT, subject to and conditional on the passing of Resolution 1 above and the confirmation of the High Court of Justice in England and Wales (the “**Court**”):
- (i) the share premium account of the Company be and is hereby cancelled;
 - (ii) the capital redemption reserve of the Company be and is hereby cancelled;
 - (iii) the issued share capital of the Company be reduced by cancelling and extinguishing all of the issued deferred shares of £0.01 each in the capital of the Company;
 - (iv) the amount of US\$7,500,000 standing to the credit of the merger reserve of the Company be capitalised and applied in paying up in full at par such number of new B ordinary shares (the “**Capital Reduction Shares**”) equal to the number of ordinary shares of £0.01 each in the capital of the Company (“**Ordinary Shares**”) in issue as at the Capital Reduction Record Date (as defined in the circular to shareholders of the Company dated 7 March 2016 of which this notice forms part), such Capital Reduction Shares being denominated in US dollars and having a nominal value equal to the sum that is obtained by dividing the number of Capital Reduction Shares to be issued as set out above into US\$7,500,000, as shall be required to effect such capitalisation, and the directors be and they are hereby authorised for the purposes of section 551 of the Companies Act 2006 (the “**Act**”) to allot and issue all the Capital Reduction Shares thereby created to such members of the Company including one of their number as they shall in their absolute discretion determine upon terms that they are paid up in full by such capitalisation, and such authority shall for the purposes of section 551 of the Act expire on 30 June 2016, and the Company’s power to capitalise in its articles of association shall be supplemented and/or modified so far as required by this Resolution 2(iv);
 - (v) the Capital Reduction Shares created and issued pursuant to Resolution 2(iv) above, shall have the following rights and restrictions:
 - (a) the holders of Capital Reduction Shares shall have no right to receive any dividend or other distribution whether capital or income;
 - (b) the holders of Capital Reduction Shares shall have no right to receive notice of or to attend or vote at any general meeting of the Company;
 - (c) the holders of the Capital Reduction Shares shall on a return of capital on a liquidation, but not otherwise, be entitled to receive the nominal amount of each such share but only after the holder of each Ordinary Shares shall have received the amount paid up or credited as paid up on such a share and the holders of Capital Reduction Shares shall not be entitled to any further participation in the assets or profits of the Company;
 - (d) a reduction by the Company of the capital paid up or credited as paid up on the Capital Reduction Shares and the cancellation of such shares will be treated as being in accordance with the rights attaching to the Capital Reduction Shares and will not involve a variation of such rights for any purposes. The Company will be authorised at any time without obtaining the consent of the holders of the Capital Reduction Shares to reduce its capital (in accordance with the Act);
 - (e) the holders of Capital Reduction Shares shall not be entitled to and shall not receive a share certificate in respect of the Capital Reduction Shares;
 - (f) the Company shall have irrevocable authority at any time after the creation or issue of the Capital Reduction Shares to appoint any person to execute on behalf of the holders of such shares a transfer thereof and/or an agreement to transfer the same without making any payment to the holders thereof to such person or persons as the Company may determine and, in accordance with the provisions the Act, to purchase or cancel such shares without making any payment to or obtaining the sanction of the holders thereof, provided also that the Company may, in accordance with the provisions of the Act, purchase all but not some only of the Capital Reduction Shares then in issue at a price not exceeding 1 penny for all the Capital Reduction Shares; and
 - (vi) the issued share capital of the Company be reduced by cancelling and extinguishing all of the Capital Reduction Shares created and issued pursuant to Resolution 2(iv) above.

The authority conferred on the Directors pursuant to section 551 of the Act pursuant to Resolution 2(iv) above shall be in addition to any authorities previously granted to the Directors pursuant to section 551 of the Act and which are in existence as at the date on which this Resolution 2 is passed.

Dated 7 March 2016

Registered Office
201 Temple Chambers
3-7 Temple Avenue
London EC4Y 0DT

BY ORDER OF THE BOARD

Liam O'Donoghue
Company Secretary

Notes:

1. Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001 (as amended), only those members registered in the register of members of the Company at 6.00 p.m. on 23 March 2016 shall be entitled to attend and vote at the Meeting in respect of the number of shares registered in their name at that time. Any changes to the register of members after such time shall be disregarded in determining the rights of any person to attend or vote at the Meeting.
2. If you wish to attend the Meeting in person, then as a registered shareholder you will be signed off against the register of members.
3. A member who is entitled to attend, speak and vote at the Meeting may appoint a proxy to attend, speak and vote instead of him. A member may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares (so a member must have more than one share to be able to appoint more than one proxy). A proxy need not be a member of the Company but must attend the Meeting in order to represent you. A proxy must vote in accordance with any instructions given by the member by whom the proxy is appointed. Appointing a proxy will not prevent a member from attending in person and voting at the Meeting (although voting in person at the Meeting will terminate the proxy appointment). A proxy form is enclosed. The notes to the proxy form include instructions on how to appoint the Chairman of the Meeting or another person as a proxy. You can only appoint a proxy using the procedures set out in these Notes and in the notes to the proxy form.
4. To be valid, a proxy form, and the original or duly certified copy of the power of attorney or other authority (if any) under which it is signed or authenticated, should reach the Company's registrar, Neville Registrars of Neville House, 18 Laurel Lane, Halesowen, West Midlands, B63 3DA, by no later than 10.00 a.m. on 23 March 2016.
5. In the case of joint holders of shares, the vote of the first named in the register of members who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of other joint holders.
6. A member that is a company or other organisation not having a physical presence cannot attend in person but can appoint someone to represent it. This can be done in one of two ways: Either by the appointment of a proxy (described in Notes 3 and 4 above) or of a corporate representative. Members considering the appointment of a corporate representative should check their own legal position, the Company's articles of association and the relevant provision of the Act.

