DUXTON
WATER LTD
ACN 611 976 517

27 April 2018

NOTIFICATION OF EXPIRY OF OPTIONS

Dear Option Holder,

At the close of business on 23 April 2018, you were a registered holder of Options ("the Options", ASX code: D2OO) in Duxton Water Limited ("the Company", ASX code: D2O). These Options were issued to shareholders at the time of the initial listing of the Company on the Australian Securities Exchange (ASX) or have been purchased on market since then.

This letter notifies you of the impending expiry of the Options at 5.00pm (Adelaide time) on Thursday 31 May 2018. It also sets out your alternative courses of action prior to expiry and provides information about recent market prices of the Company's Shares and the Options.

Each Option is exercisable into one fully paid Ordinary Share in the Company upon payment of the exercise price of A$1.10 per Option prior to the expiry date.

As a holder of the Options you have three choices available to you:

1. Exercise all or a portion of your Options

To exercise your Options, the enclosed personalised Option Expiry Notice and your cleared funds must be received by the Company's share registry by no later than 5.00pm (Adelaide time) on Thursday 31 May 2018. Payment can also be made by BPAY®; further instructions are on the enclosed Form.

2. Sell all or a portion of your Options on market

If you wish not to exercise you Options, you may wish to consider selling your Options on the ASX. Your Options are currently trading on the ASX under the ASX code: D2OO. The closing price for the Options on 23 April 2018 was A$0.002. The Options cease trading at close of trading on Friday 25 May 2018.

3. Do nothing and allow your Options to lapse

If you do not take any action to exercise your Options prior to 5.00pm (Adelaide time) on Thursday 31 May 2018, the Options will expire and your right to purchase shares at $1.10 will lapse.

In accordance with ASX Listing Rules the Company advises the following:

1. The number of Options you held at the close of business on 23 April 2018 is set out in the enclosed personalised Options Expiry Notice.
2. Each Option entitles the holder, on exercise, one fully paid ordinary share in the Company. If all current Options are exercised, 62,132,906 fully paid ordinary shares will be issued.
3. The exercise price of the Options is $1.10 per share.
4. The due date for payment of the exercise price is by 5.00pm (Adelaide time) on Thursday 31 May 2018.

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5. If cleared funds are not received by 5.00pm (Adelaide time) on 31 May 2018, then your Options will expire with no value and no further entitlement will exist.
6. Official quotation of the Company's Options on the ASX will cease at the close of trading on Friday 25 May 2018.
7. There is no underwriting agreement in place for the exercise of Options.
8. The latest available market price of the Company's shares prior to the date of this notice was A$1.08 at the close of trading on 23 April 2018.
9. The highest and lowest market prices of the Company's shares traded in the three months immediately before close of business on 23 April 2018 were::

Highest:	A$1.15	on 26 March 2018
Lowest:	A$1.025	on 29 January 2018

Key Dates

- Friday 25 May 2018 – Options cease trading on ASX

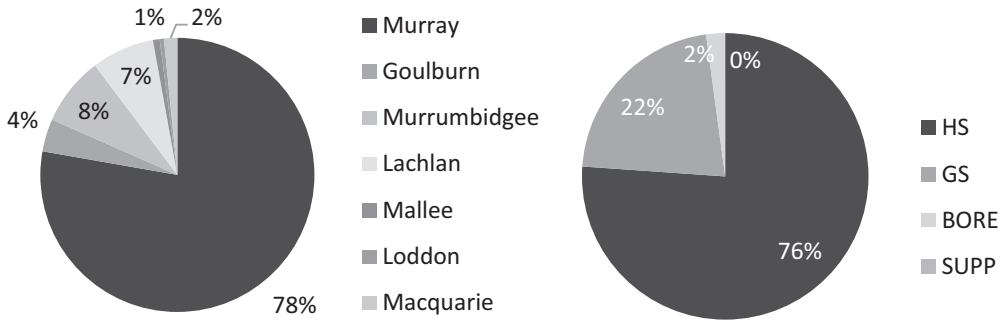
- Thursday 31 May 2018 – Options expiry date.
  The enclosed personalised Option Expiry Notice and your cleared funds must be received by the Company's share registry by no later than 5.00pm (Adelaide time) on Thursday 31 May 2018. Payment can also be made by **BPAY®**; further instructions are on the enclosed Form.

About the Company

Duxton Water Limited ("Duxton Water") presents an opportunity to invest in Australian Water Entitlements (also known as water licenses or water rights), giving a perpetual right to Australia's water supply. Water is a key input into a number of agricultural industries, and as such, Duxton Water acts as a proxy to the agriculture industry.

Duxton Water strategically and actively manages a diversified portfolio of water assets aiming to access both income yields and capital growth opportunities. Assets are diversified in terms of Entitlement type (region, zone, characteristics), as well as by security level.

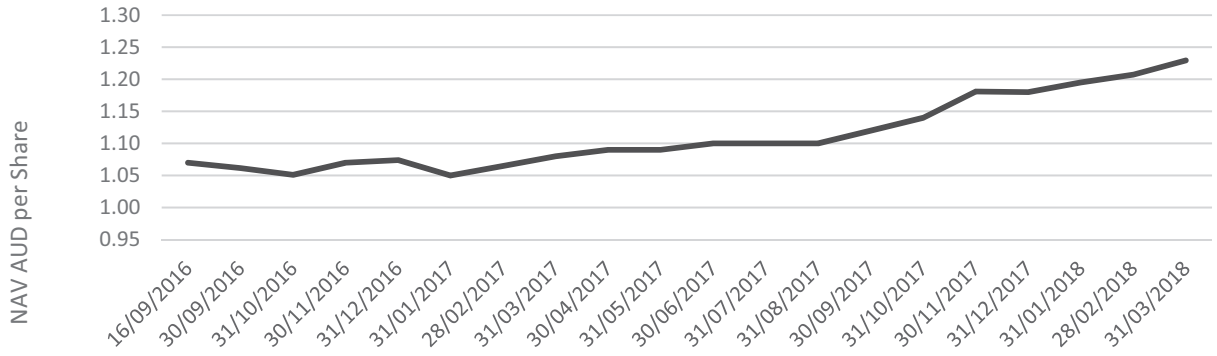
At 31 March 2018 the portfolio mix is as follows:



Duxton Water receives revenue primarily through long-term lease arrangements with producers. The leases are commercial in nature with varying terms, where the lessee pays a fixed annual rent (quarterly in advance) to the lessor who maintains holding over the asset title. The lessee bears the risks associated with water allocation variability year-on-year, minimising any risk of climate variability year-on-year for Duxton Water. The water allocations of the unleased portion are actively traded in the market to return gains on sale. Through dividends, the after-tax returns flow though to investors.

At 31 March 2018, Duxton Water Ltd's NAV per Share was $1.23. The figure is underpinned by the exposure to a managed portfolio of Entitlements valued at $95.7 million at that date.

From November 2017, NAV has been calculated based on an independent monthly portfolio valuation performed by Aither Pty Ltd ("Aither"). Duxton Water Ltd's NAV is calculated as an after-tax figure taking into account the provision for deferred tax on set-up costs and estimates of net tax provisions that may arise should the entire portfolio be disposed of at 31 March 2018. Aither has adopted the Australian Accounting Standards Board (AASB) 13 Fair Value Measurement definition of fair value in making their assessment of the fair market value.



Duxton Water's Investment Manager is Duxton Capital (Australia). The Duxton Group has been active in water markets and water portfolio management since 2008.

Duxton Water provides investors with exposure to a real underlying asset, a regular income stream, and potential for capital gain in the Water Entitlement portfolio.

At 31 March 2018 Duxton Water had provided to investors the following returns:

Period	NAV Return	NAV Return + Dividend*	NAV Return + Franked Dividend
1 month	1.83%	1.80%	1.79%
3 months	4.20%	4.12%	4.10%
6 months	9.77%	11.82%	12.28%
12 months	13.83%	15.96%	16.44%
Inception	**14.90%**	**17.05%**	**17.53%**

*NAV return + dividend does not include any franking benefits/credits.
A dividend of 2.4 cents, franked to 60% was subsequently paid on 18 April 2018.

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Please see more information in Investment Overview document on our website: www.duxtonwater.com.au

Further Information

If you are unsure whether to exercise your Options you should contact your stockbroker, financial adviser or other professional adviser.

If you require help or more information on how to exercise your Options, please contact Computershare Investor Services by telephone on 1300 556 161.

Should you have any questions regarding Duxton Water Ltd, please contact Duxton Capital's Investor relations team on (+61) 8 8130 9500.

DUXTON
WATER LTD
ACN 611 976 517

For all enquiries:

Phone:
(within Australia) 1300 556 161
(outside Australia) +61 (03) 9415 4000

Make your payment:

See overleaf for details on how to make your payment

SAMPLE ONLY

Options Expiry Notice

Options exercisable at A$1.10 expiring at 5.00pm (Adelaide time) on Thursday 31 May 2018

Step 1: Registration Name

Please check the details provided and update your address via www.investorcentre.com if any of the details are incorrect.
If you have a CHESS sponsored holding, please contact your Controlling Participant to notify a change of address.

Step 2: Make Your Payment

You can exercise your options utilising the payment options detailed overleaf.
By making your payment you confirm that you agree to all of the terms and conditions of the Options.

Choose one of the payment methods shown below.

BPAY®: See overleaf. Do not return the slip with **BPAY** payment. Applicants should be aware that their own financial institution may implement earlier cut off times with regards to electronic payment, and should therefore take this into consideration when making payment. Ensure you have read and accurately followed your banking institution's **BPAY** FAQ or other instructions prior to making multiple payments for multiple holdings under this offer.

Neither Computershare Investor Services Pty Limited nor Duxton Water Limited accepts any responsibility for loss incurred through incorrectly completed **BPAY** payments. It is the responsibility of the applicant to ensure that funds submitted through **BPAY** are received by this time.

By Mail: Complete the reverse side of this payment slip and detach and return with your payment. Make your cheque, money order or bank draft payable in Australian dollars to "Duxton Water Limited". The cheque must be drawn from an Australian bank. Cash is not accepted.

Payment will be processed on the day of receipt and as such, sufficient cleared funds must be held in your account as cheques received may not be re-presented and may result in your Application being rejected. Paperclip (do not staple) your cheque(s) to the slip. Receipts will not be forwarded. Funds cannot be debited directly from your account.

Entering your contact details is not compulsory, but will assist us if we need to contact you.

Turn over for details on how to make your payment ➔

By submitting either electronic payment or this Options Expiry Notice:
• I/We confirm that I/we agree to all of the terms and conditions of the Options,
• I/We request that you allot me/us the number of shares applied for and I/we agree to accept such shares subject to the Constitution of the Company,
• I/We authorise you to register me/us as the holder(s) of the shares to be allotted and place my/our name on the register.

® Registered to **BPAY** Pty Limited ABN 69 079 137 518

Options Expiry Notice

STEP 1 Registration Name & Option Details

For your security keep your SRN/HIN confidential.

Registration Name:

Optionholding Details:	Number of Options registered in your name as at 23 April 2018:	
	Number of Shares to be issued on full exercise basis:	
	Amount payable on full exercise at A$1.10 per Option:	

STEP 2 Make Your Payment

BPAY

Biller Code: 281410
Ref No:

Contact your financial institution to make your payment from your cheque or savings account.

Pay by Mail:

Make your cheque, money order or bank draft payable to Duxton Water Limited.
Return your cheque with the below slip to:
Computershare Investor Services Pty Limited
GPO BOX 2987 Adelaide South Australia 5001 Australia

Privacy Notice
The personal information you provide on this form is collected by Computershare Investor Services Pty Limited (CIS), as registrar for the securities issuers (the issuer), for the purpose of maintaining registers of securityholders, facilitating distribution payments and other corporate actions and communications. In addition, the issuer may authorise us on their behalf to send you marketing material or include such material in a corporate communication. You may elect not to receive marketing material by contacting CIS using the details provided above or emailing privacy@computershare.com.au. We may be required to collect your personal information under the Corporations Act 2001 (Cth) and ASX Settlement Operating Rules. We may disclose your personal information to our related bodies corporate and to other individuals or companies who assist us in supplying our services or who perform functions on our behalf, to the issuer for whom we maintain securities registers or to third parties upon direction by the issuer where related to the issuers administration of your securityholding, or as otherwise required or authorised by law. Some of these recipients may be located outside Australia, including in the following countries: Canada, India, New Zealand, the Philippines, the United Kingdom and the United States of America. For further details, including how to access and correct your personal information, and information on our privacy complaints handling procedure, please contact our Privacy Officer at privacy@computershare.com.au or see our Privacy Policy at http://www.computershare.com/au.

Detach here

Duxton Water Limited Option Exercise Payment

Number of Options held:

Number of Options Exercised:

Amount enclosed at A$1.10 per Option exercised: **A$** .

Entitlement No:

Payment must be received by 5:00pm (Adelaide time) on Thursday 31 May 2018

Contact Details

Contact Name _____ **Daytime Telephone** _____

Cheque Details / Electronic funds transfer payments (cross out as applicable)

Drawer	Cheque Number	BSB Number	Account Number	Amount of Cheque
				A$

SAMPLE ONLY