21 May 2018

NAV UPDATE & NOTIFICATION OF EXPIRY OF OPTIONS

Dear Share and Option Holder,

Duxton Water Limited ("Duxton Water" or "the Company", ASX: D2OO) wish to update the market that the NAV has lifted from $1.24 per share at 30 April 2018, to **$1.25 per share as at 15 May 2018**.

Ahead of the expiry of the Options (31 May 2018), Duxton Water Limited wanted to ensure Option holders and the broader market were provided the most up to date information possible so as to make an informed decision. As such, the Company engaged Aither Pty Ltd ("Aither") to perform a mid-month independent valuation of the portfolio.

NET ASSET VALUE ("NAV") per share	MAXIMUM DILUTED NAV* (assuming 100% Option take up)	OPTION COST
$1.25 **At 15 May 2018**	**$1.18** **At 31 May 2018**	**$1.10** **per share to exercise**

*Assuming all 61,101,406 options (as at 15th May 2018) on issue are exercised prior to option expiry.

KEY INFORMATION

- Options cease trading at close of trading on 25 May 2018
- Options expire 31 May 2018

  You have 3 choices:
  - Exercise all or a portion of your Options ($1.10 per Option)
  - Sell all or a portion of your Options
  - Do nothing and allow the Options to lapse

  Refer following pages for more information on these choices and detail of how to exercise.

Duxton Water Limited presents an opportunity to invest in the Australian water market. Through active management of a diversified portfolio of water entitlements predominantly in the interconnected and sophisticated market of the Southern Murray Darling Basin, Duxton Water aims to provides shareholders biannual dividends and exposure to capital gains in the underlying assets.

At 15 May 2018 Duxton Water had provided to investors the following returns:

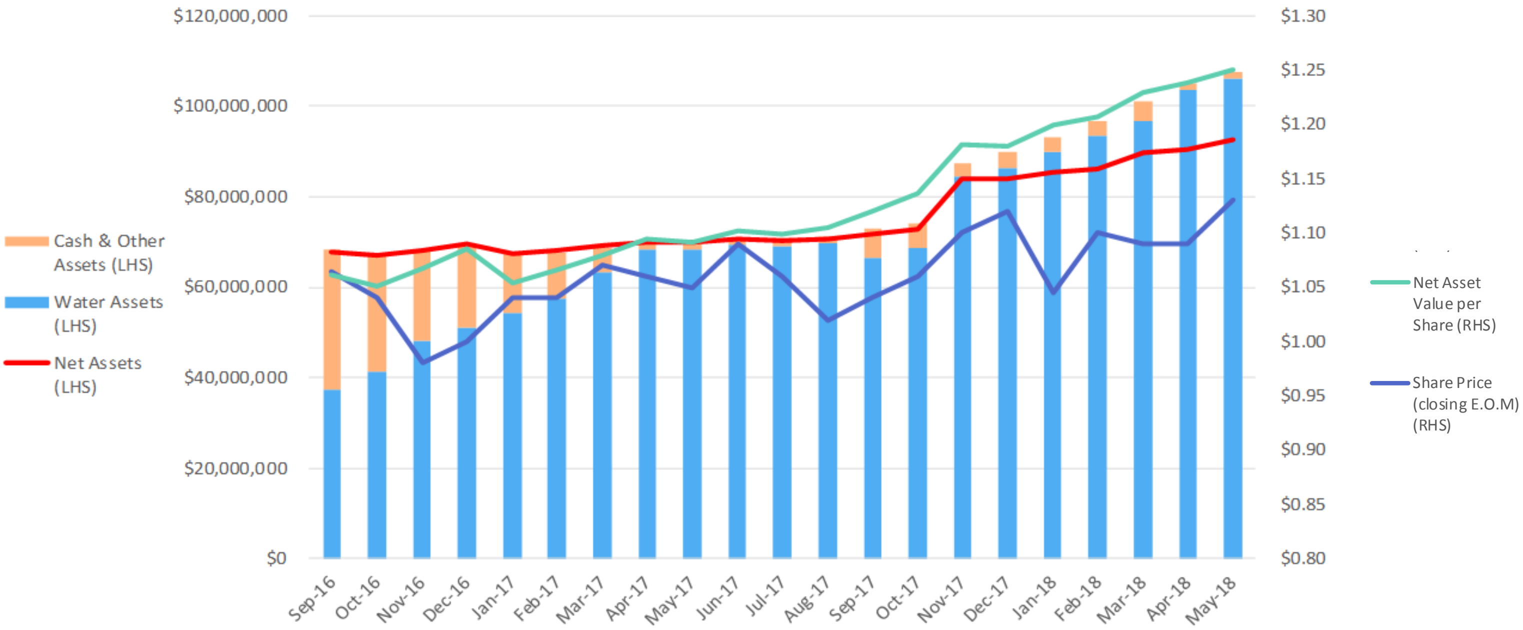
Period*	NAV Return	NAV Return + Dividend**	NAV Return + Franked Dividend
1 month	1.66%	3.55%	3.87%
3 months	4.58%	6.46%	6.79%
6 months	9.93%	14.06%	14.90%
12 months	14.17%	18.46%	19.33%
Inception	**16.80%**	**21.20%**	**22.08%**

** Period calculations have been treated as at end of April. i.e. 1 month returns are comparing end of March figures with current Mid May figures.*
***NAV return + dividend does not include any franking benefits/credits.*

The total Net Asset Value of Duxton Water is $92.64 million as at 15 May 2018. As valued by Aither, the current portfolio of water assets is valued at $106.02 million. The Company currently has debt of $9.78 million, equating to 8.37% of gross assets.

Duxton Water is currently trading at a discount to NAV. As at 15 May 2018, the share price was $1.13 per share. Refer graph on following page.

Duxton Water Net Asset Value (per share) vs Share Price



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.

DETAILED INFORMATION RE EXPIRY OF OPTIONS

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 reminds and 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, please refer to the Notice of Expiry of Options issued on the 27 April 2018 or contact Computershare, see contact details below. 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.

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

If you wish not to exercise your 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 17 May 2018 was A$0.005. 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.

Company advises the following:

1. The number of Options you held was provided in the Notice of Expiry of Options issued on the 27 April 2018.
2. Each Option entitles the holder, on exercise, one fully paid ordinary share in the Company. If all remaining Options are exercised, 60,764,525 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 on or before 5:00pm (Adelaide time) on Thursday 31 May 2018.
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$1.13 at the close of trading on 18 May 2018.
9. The highest and lowest market prices of the Company's shares traded in the three months immediately before the date of this notice (18 February 2018 to 18 May 2018) were:

Highest:	A$1.17	on 16 May 2018
Lowest:	A$1.06	on 20 February 2018

Key Dates

- Friday 25 May 2018 – Options cease trading on ASX
- Thursday 31 May 2018 – Options expiry date.

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, or email Lauren Thiel at lauren.thiel@duxtonam.com