



ASX/Media Release
29 August 2017

CHAPMANS TO MAKE STRATEGIC MEDICINAL CANNABIS SECTOR INVESTMENT

The Directors of Chapmans Limited (ASX: CHP) (Chapmans, the Company) are pleased to announce that the Company has entered into a Binding Heads of Agreement (HoA) with MJ Life Sciences Pty Ltd (MJLS), to make a strategic investment of US\$500,000 in MJLS.

MJLS is an Australian special-purpose company established with the aim of becoming a leading global medicinal cannabis holding and investment company. MJLS is a direct investor in Caziwell Inc., owner of the established North American medicinal cannabis brand and business, Aunt Zelda's, with convertible note rights of up to 49.99% in Caziwell Inc.

Chapmans is delighted to make this strategic investment in MJLS. MJLS is actively seeking strategic investment opportunities in the medicinal cannabis industry which are aligned with Chapmans' high growth investment approach.

Under the HoA;

- Chapmans will invest the amount of US\$500,000 in MJLS and will acquire a direct 50% holding in the issued capital of MJLS;
- Chapmans will be given equal board representation on the board of MJLS – Chapmans will control 50% of the board with the existing MJLS shareholders collectively controlling the remaining 50% of the board; and
- Subsequent to the completion of the initial investment, Chapmans will seek to make further investments in MJLS to support the investment goals of MJLS.

Chapmans' initial investment in MJLS is subject to completion of due diligence on MJLS by Chapmans to Chapmans satisfaction, and a Shareholders Agreement being agreed within 30 days of this HoA being executed by both parties.

This strategic investment in MJLS replaces Chapmans previously announced proposed investment in the Aunt Zelda's medicinal cannabis business (ASX announcement, 23 June 2017), which will not be proceeding.

Chapmans views the opportunity to invest directly in MJLS, and have direct exposure to its future investments in the rapidly growing global medicinal cannabis sector, as being more strategically advantageous and beneficial than an investment in the underlying Aunt Zelda's business.

The MJLS investment represents a significant value accretive transaction for Chapmans which paves the way for a strategic long term partnership with MJLS.

MJLS is owned by three of the leading principals in the rapidly expanding Australian and global medicinal cannabis sector; Harry Karelis, Jason Peterson and Dr Stewart Washer. Combined, they have strong operational and transactional experience in the medicinal cannabis sector and are founders and directors of ASX-listed medicinal cannabis sector companies, Auscann Group Holdings Limited (ASX: AC8) and Zelda Therapeutics Limited (ASX: ZLD). Brief bios of Messer's Karelis, Peterson and Washer are provide on the following page.



CHAPMANS

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Mr Harry Karelis

Mr Karelis graduated from The University of Western Australia with Bachelors and Honours in Science majoring in Biochemistry and Microbiology as well as a Masters in Business Administration. He is a Fellow of the Financial Services Institute of Australia, a Fellow of the Australian Institute of Company Directors and has qualified as a Chartered Financial Analyst (CFA) from the CFA Institute in the United States. He has in excess of 23 years diversified experience in the financial services sector including fundamental analysis, funds management and private equity investing and has acted as a Director on several public and private companies in Australia, Singapore and the United Kingdom. Harry resides in Australia.

Dr Stewart Washer

Dr Washer has 25 years of CEO and Board experience in medical and agrifood biotech companies. He is currently the Executive Director of Zelda Therapeutics Ltd (ASX:ZLD) in the medicinal cannabis space, Chairman of Orthocell Ltd (ASX:OCC), a regenerative medicine company, Founding Chairman and current Director of Cynata Therapeutics Ltd (ASX:CYP) who are developing global stem cell therapies and Chairman of Minomic International Ltd with a novel approach to cancer diagnosis and treatment. He is also a founder and consultant to AusCann Ltd (ASX:AC8), the largest medicinal cannabis company in Australia. Stewart has previously worked in life science Fund Management with BioScience Managers in Australia and the Nestlé Fund Inventages. Stewart has held a number of Board positions in the past, including Chairman of Hatchtech Pty Ltd that was sold in 2015 for A\$279m and was a Director of iCeutica that was sold to a US Pharma. He was also a Senator with Murdoch University and was a Director of AusBiotech Ltd.

Mr Jason Peterson

Mr Peterson is a Director, major shareholder and Head of Corporate of boutique stock broking and corporate advisory firm, CPS Capital. He has more than 19 years' experience in the financial advisory sector, in both local and international stockbroking companies such as Patersons, Tolhurst, and Merrill Lynch. He specialises in corporate structuring, capital raisings, corporate and strategic advice to small and medium size companies and reverse takeovers. He holds a Bachelor of Commerce degree from Curtin University and a Graduate Diploma of Finance from FINSIA (Financial Services Institute of Australia)/SDIA (Securities & Derivatives Institute of Australia). Jason resides in Australia.

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About Chapmans

Chapmans Limited (ASX: CHP) is an ASX listed diversified investment company engaged in special situation investments across a diverse range of industries, with a focus and expertise in the mobile and advanced industrial technology sectors. It seeks to be an active strategic investor in high growth areas of the market, and to identify and work with emerging high growth companies. The Company's investment philosophy and approach are based on a unique mix of high conviction and special situation features, characterised by advisory and equity investments structured around specific events and assets for both public and large private corporates.