
CHAPMANS LTD

ABN 34 000 012 386

**NOTICE OF GENERAL MEETING AND EXPLANATORY
STATEMENT**

TIME: 10.00am AEDT

DATE: 29 October 2018

PLACE: Thomson Geer
Level 25, 1 O'Connell Street
SYDNEY NSW 2000

This Notice of Meeting and Explanatory Statement should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisers prior to voting.

Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary on 02 9299 9580.

CONTENTS

Notice of General Meeting (setting out the proposed Resolution)	3
Explanatory Statement (explaining the proposed Resolution)	4
Glossary	7
Proxy Form	enclosed

TIME AND PLACE OF MEETING AND HOW TO VOTE

VENUE

The General Meeting of the Shareholders of Chapmans Ltd which this Notice of Meeting relates to will be held at 10.00am AEDT on Monday, 29 October 2018 at Thomson Geer, Level 25, 1 O'Connell Street, Sydney NSW 2000.

YOUR VOTE IS IMPORTANT

The business of the General Meeting affects your shareholding and your vote is important.

VOTING IN PERSON

To vote in person, attend the General Meeting on the date and at the place set out above.

VOTING BY PROXY

To vote by proxy, please complete and sign the proxy form enclosed and either:

- (a) send the Proxy Form by post to Chapmans Ltd, Level 12, 95 Pitt Street NSW 2000;
- (b) send the Proxy Form to Security Transfer Australia Pty Ltd using the details set out in section 6 of the Proxy Form (or otherwise complete the Proxy Form online);
- (c) send the Proxy Form by e-mail to robert@coysec.net.au; or
- (d) send the Proxy Form by facsimile to the Company on facsimile number (02) 8249 8101.

so that it is received not less than 48 hours prior to commencement of the Meeting.

Proxy forms received later than this time will be invalid.

In accordance with section 249L of the Corporations Act, members are advised that:

- each member has a right to appoint a proxy;
- the proxy need not be a member of the Company; and
- a member who is entitled to cast 2 or more votes may appoint 2 proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If the member appoints 2 proxies and the appointment does not specify the proportion or number of the member's votes each proxy may exercise, then in accordance with section 249X(3) of the Corporations Act, each proxy may exercise half of the votes.

Shareholders and their proxies should be aware that changes to the Corporations Act made in 2011 mean that:

- if proxy holders vote, they must cast all 'directed' proxies as directed; and
- any directed proxies which are not voted will automatically default to the Chair, who must vote the proxies as directed.

Further details on these changes are set out below.

Proxy vote if appointment specifies way to vote

Section 250BB(1) of the Corporations Act provides that an appointment of a proxy may specify the way the proxy is to vote on a particular resolution and, **if it does:**

- the proxy need not vote on a show of hands, but if the proxy does so, the proxy must vote that way (i.e. as directed); and
- if the proxy has 2 or more appointments that specify different ways to vote on the resolution – the proxy must not vote on a show of hands; and
- if the proxy is the chair of the meeting at which the resolution is voted on – the proxy must vote on a poll, and must vote that way (i.e. as directed); and
- if the proxy is not the chair – the proxy need not vote on the poll, but if the proxy does so, the proxy must vote that way (i.e. as directed).

Transfer of non-chair proxy to chair in certain circumstances

Section 250BC of the Corporations Act provides that, if:

- an appointment of a proxy specifies the way the proxy is to vote on a particular resolution at a meeting of the company's members; and
- the appointed proxy is not the chair of the meeting; and
- at the meeting, a poll is duly demanded on the resolution; and
- either of the following applies:
 - the proxy is not recorded as attending the meeting;
 - the proxy does not vote on the resolution,

the chair of the meeting is taken, before voting on the resolution closes, to have been appointed as the proxy for the purposes of voting on the resolution at the meeting.

NOTICE OF GENERAL MEETING

Notice is given that the General Meeting of Shareholders of Chapmans Ltd (**Company**) will be held at Thomson Geer, Level 25, 1 O'Connell Street, Sydney NSW 2000 at 10.00am AEDT on Monday, 29 October 2018. The Explanatory Statement annexed to this Notice of Meeting provides additional information on matters to be considered at the General Meeting. The Explanatory Statement and the Proxy Form are part of this Notice of Meeting.

The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the General Meeting are those who are registered Shareholders at 7:00 pm (AEDT) on Saturday, 27 October 2018. Terms and abbreviations used in this Notice of Meeting and Explanatory Statement are defined in the Glossary.

AGENDA

Resolution 1 – Consolidation of Share Capital

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That, for the purposes of section 254H of the Corporations Act 2001 (Cth) and for all other purposes, the issued capital of the Company be consolidated on the basis that:

(a) every ten (10) Shares be consolidated into one (1) Share; and

(b) every ten (10) Options be consolidated into one (1) Option with the exercise price amended in inverse proportion to that ratio,

and, where the number of Shares or Options held by a member of the Company as a result of the consolidation effected by paragraphs (a) and (b) of this Resolution includes a fraction of a Share or Option, the Company be authorised to round that fraction up to the nearest whole Share or Option."

DATED: 26 SEPTEMBER 2018

BY ORDER OF THE BOARD

**ROBERT LEES
COMPANY SECRETARY
CHAPMANS LTD**

EXPLANATORY STATEMENT

This Explanatory Statement has been prepared for the information of the Shareholders in connection with the business to be conducted at the General Meeting of Chapmans Ltd to be held at Thomson Geer, Level 25, 1 O'Connell Street, Sydney NSW 2000 at 10.00am AEDT on Monday, 29 October 2018.

The purpose of this Explanatory Statement is to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolution in the Notice of Meeting (of which this Explanatory Statement forms a part).

RESOLUTION 1 – CONSOLIDATION OF SHARE CAPITAL

1.1 General

Resolution 1 seeks Shareholder approval for the Company to consolidate its issued share capital through the consolidation of every ten (10) Shares into one (1) Share (**Consolidation**).

Pursuant to section 254H(1) of the Corporations Act, the Company may convert all or any of its shares into a larger or smaller number of shares by ordinary resolution passed at a general meeting.

This section of the Explanatory Statement provides the information required by Listing Rule 7.20 to be provided to Shareholders in relation to the Consolidation.

1.2 Purpose of proposed resolution

The Company currently has a large number of Shares on issue (2,714,061,239 Shares as at the date of this Explanatory Statement). The Consolidation will result in a more appropriate and effective capital structure for the Company and a Share price more appealing to a wider range of investors.

1.3 Effect of the Consolidation

Effect on Capital Structure

The effect which the Consolidation will have on the Company's capital structure is set out in the table below:

Capital structure	Shares	Listed Options	Unlisted Options
Pre-Consolidation Securities	2,714,061,239	873,040,000	N/A
Post 10:1 Consolidation	271,406,124	87,304,000	N/A

1.4 Shares

If this Resolution is approved, every ten (10) Shares on issue will be consolidated into one (1) Share (subject to rounding). Overall, this will result in the number of Shares currently on issue reducing from 2,714,061,239 to 271,406,124.

As the Consolidation applies equally to all Shareholders, individual Shareholdings will be reduced in the same ratio as the total number of Shares (subject to rounding). Accordingly, assuming no other market movements or impacts occur, the Consolidation will have no effect on the percentage interest in the Company of each Shareholder.

The Consolidation will not result in any change to the substantive rights and obligations of existing Shareholders.

1.5 Options

As of the date of this Notice, the Company has 873,040,000 listed Options on issue. If the Consolidation is approved, the Options will also be reorganised in accordance with the terms and conditions of the Options and Listing Rule 7.22.1 (as applicable) on the basis that the number of Options will be consolidated in the same ratio as the Consolidation and the exercise price will be amended in inverse proportion to that ratio.

For example, a holding of one hundred thousand (100,000) Options with an exercise price of \$0.015 each prior to the Consolidation would be consolidated into a holding of ten thousand (10,000) Options with an exercise price of \$0.15 each after Consolidation.

As of the date of this Notice, the Company currently has on issue 873,040,000 listed Options each with an exercise price of \$0.015 and expiry date of 30 November 2021.

Therefore, if this Resolution is passed, on completion of the Consolidation, the Company will have on issue 87,304,000 listed Options each with an exercise price of \$0.15 and expiry date of 30 November 2021.

The Consolidation will not result in any change in the substantive rights and obligations of existing holders of Options.

1.6 Fractional Entitlements

Where the Consolidation results in an entitlement to a fraction of a Share or Option (as applicable), that fraction will be rounded up to the nearest whole number of Shares or Options.

1.7 Holding Statements

Taking effect from the date of the Consolidation, all existing holding statements will cease to have any effect, except as evidence of entitlement to a certain number of Securities on a post-Consolidation basis. New holding statements will be issued to security holders, who are encouraged to check their holdings after the Consolidation.

1.8 Taxation

The Consolidation should not result in a capital gains tax event for Australian tax residents. The cost base of the Shares held after the Consolidation will be the sum of the cost bases of the original Shares pre-Consolidation. The acquisition date of Shares held after the Consolidation will be the same as the date on which the original Shares were acquired.

The Explanatory Statement does not however consider the tax implications in respect of Shares or other securities held on revenue account, as trading stock or by non-

resident Shareholders. Shareholders should consider their own circumstances and seek their own professional advice in relation to their tax position. Neither the Company nor any of its officers or employees assumes any liability or responsibility for advising Shareholders or other security holders about the tax consequences of the proposed Consolidation.

1.9 Indicative Timetable

If approved by Shareholders, the proposed Consolidation will take effect on 8 November 2018. The following is an indicative timetable (subject to change) of the key events:

Key Event	Indicative Date
Company announces Consolidation and sends out Notice	26 September 2018
General Meeting	29 October 2018
Notification that Consolidation is approved	29 October 2018
Last day for trading in pre-Consolidation Securities	30 October 2018
Trading commences in the post-Consolidation Securities on deferred settlement basis	31 October 2018
Last day for Company to register transfers on a pre-Consolidation basis	1 November 2018
First day for the Company to register Securities on a post-Consolidation basis and first day for issue of holding statements	2 November 2018
Deferred settlement market ends. Last day for the Company to send notice to all holders of Securities. Last day for Securities to be entered into the holders' security holdings	8 November 2018

1.10 Directors' Recommendation

None of the Directors have a material personal interest in the subject matter of this Resolution. The Board recommends that Shareholders vote in favour of this Resolution for the reasons outlined above in this section.

GLOSSARY

AEDT means Australian Eastern Daylight Savings Time, as observed in Sydney, New South Wales.

ASX means ASX Limited (ACN 008 624 691) or the financial market operated by ASX Limited, as the context requires.

ASX Listing Rules or **Listing Rules** means the Listing Rules of ASX.

Board means the current board of Directors of the Company.

Chair means the chair of the Meeting.

Company or **Chapmans** means Chapmans Ltd (ABN 34 000 012 386).

Consolidation means the consolidation for which Shareholder approval is sought under Resolution 1 of this Notice.

Corporations Act means the *Corporations Act 2001* (Cth).

Directors means the current directors of the Company.

Explanatory Statement means the explanatory statement accompanying this Notice of Meeting.

General Meeting or **Meeting** means the General Meeting of the Company convened by this Notice of Meeting.

Notice or **Notice of Meeting** means this Notice of the General Meeting including the Explanatory Statement and Proxy Form.

Option means a listed Option to acquire a Share each with an exercise price of \$0.015 (on a pre-Consolidation basis) and expiry date of 30 November 2021.

Proxy Form means the proxy form accompanying the Notice.

Resolution means the resolution set out in the Notice.

Securities means Shares and Options.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a registered holder of a Share.

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CHAPMANS LIMITED

ACN: 000 012 386



«Post_zone»
«Company_code» «Sequence_number»

«Holder_name»
«Address_line_1»
«Address_line_2»
«Address_line_3»
«Address_line_4»
«Address_line_5»

REGISTERED OFFICE:

LEVEL 12
95 PITT STREET
SYDNEY NSW 2000

SHARE REGISTRY:

Security Transfer Australia Pty Ltd
All Correspondence to:
PO BOX 52
Collins Street West VIC 8007
Suite 913, Exchange Tower
530 Little Collins Street
Melbourne VIC 3000
T: 1300 992 916 F: +61 8 9315 2233
E: registrar@securitytransfer.com.au
W: www.securitytransfer.com.au

Code:

CHP

Holder Number:

«HOLDER_NUM

PROXY FORM

THIS DOCUMENT IS IMPORTANT. IF YOU ARE IN DOUBT AS TO HOW TO DEAL WITH IT, PLEASE CONTACT YOUR STOCK BROKER OR LICENSED PROFESSIONAL ADVISOR.

VOTE ONLINE

Lodge your proxy vote securely at www.securitytransfer.com.au

1. Log into the Investor Centre using your holding details.
2. Click on "Proxy Voting" and provide your Online Proxy ID to access the voting area.

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SECTION A: Appointment of Proxy

I/We, the above named, being registered holders of the Company and entitled to attend and vote hereby appoint:

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The meeting chairperson

OR

or failing the person named, or if no person is named, the Chairperson of the meeting, as my/our Proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, as the Proxy sees fit) at the General Meeting of the Company to be held at 10:00am AEDT on Monday 29 October 2018 at Thomson Geer, Level 25, 1 O'Connell Street, SYDNEY NSW 2000 and at any adjournment of that meeting.

SECTION B: Voting Directions

Please mark "X" in the box to indicate your voting directions to your Proxy. The Chairperson of the Meeting intends to vote undirected proxies in FAVOUR of all the resolutions. In exceptional circumstances, the Chairperson of the Meeting may change his/her voting intention on any resolution, in which case an ASX announcement will be made.

RESOLUTION

1. Consolidation of Share Capital

For

☐

Against

☐

Abstain*

☐

If no directions are given my proxy may vote as the proxy thinks fit or may abstain. * If you mark the Abstain box for a particular item, you are directing your Proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

SECTION C: Signature of Security Holder(s)

This section must be signed in accordance with the instructions overleaf to enable your directions to be implemented.

Individual or Security Holder

Sole Director & Sole Company Secretary

Security Holder 2

Director

Security Holder 3

Director/Company Secretary

Proxies must be received by Security Transfer Australia Pty Ltd no later than 10:00am AEDT on Saturday 27 October 2018.

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My/Our contact details in case of enquiries are:

Name:

Number:

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1. NAME AND ADDRESS

This is the name and address on the Share Register of the Company. If this information is incorrect, please make corrections on this form. Shareholders sponsored by a broker should advise their broker of any changes. Please note that you cannot change ownership of your shares using this form.

2. APPOINTMENT OF A PROXY

If the person you wish to appoint as your Proxy is someone other than the Chairperson of the Meeting please write the name of that person in Section A. If you leave this section blank, or your named Proxy does not attend the meeting, the Chairperson of the Meeting will be your Proxy. A Proxy need not be a shareholder of the Company.

3. DIRECTING YOUR PROXY HOW TO VOTE

To direct the Proxy how to vote place an "X" in the appropriate box against each item in Section B. Where more than one Proxy is to be appointed and the proxies are to vote differently, then two separate forms must be used to indicate voting intentions.

4. APPOINTMENT OF A SECOND PROXY

You are entitled to appoint up to two (2) persons as proxies to attend the meeting and vote on a poll. If you wish to appoint a second Proxy, an additional Proxy form may be obtained by contacting the Company's share registry or you may photocopy this form.

To appoint a second Proxy you must:

- On each of the Proxy forms, state the percentage of your voting rights or number of securities applicable to that form. If the appointments do not specify the percentage or number of votes that each Proxy may exercise, each Proxy may exercise half of your votes; and
- Return both forms in the same envelope.

5. SIGNING INSTRUCTIONS

Individual: where the holding is in one name, the Shareholder must sign.

Joint Holding: where the holding is in more than one name, all of the Shareholders must sign.

Power of Attorney: to sign under Power of Attorney you must have already lodged this document with the Company's share registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: where the Company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the Company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director may sign alone. Otherwise this form must be signed by a Director jointly with either another Director or Company Secretary. Please indicate the office held in the appropriate place.

If a representative of the corporation is to attend the meeting the appropriate "Certificate of Appointment of Corporate Representative" should be lodged with the Company before the meeting or at the registration desk on the day of the meeting. A form of the certificate may be obtained from the Company's share registry.

6. LODGEMENT OF PROXY

Proxy forms (and any Power of Attorney under which it is signed) must be received by Security Transfer Australia Pty Ltd no later than the date and time stated on the form overleaf. Any Proxy form received after that time will not be valid for the scheduled meeting.

The proxy form does not need to be returned to the share registry if the votes have been lodged online.

Security Transfer Australia Pty Ltd

Online www.securitytransfer.com.au

Postal Address PO BOX 52
Collins Street West VIC 8007

Street Address Suite 913, Exchange Tower
530 Little Collins Street
Melbourne VIC 3000

Telephone 1300 992 916

Facsimile +61 8 9315 2233

Email registrar@securitytransfer.com.au

PRIVACY STATEMENT

Personal information is collected on this form by Security Transfer Australia Pty Ltd as the registrar for securities issuers for the purpose of maintaining registers of security holders, facilitating distribution payments and other corporate actions and communications. Your personal details may be disclosed to related bodies corporate, to external service providers such as mail and print providers, or as otherwise required or permitted by law. If you would like details of your personal information held by Security Transfer Australia Pty Ltd or you would like to correct information that is inaccurate please contact them on the address on this form.