

CHAPMANS LIMITED
ACN 000 012 386

Signed pursuant to section 351 of the Corporations Act 2001 (Cth)



Peter Dykes, Executive Chairman and Company Secretary

28 November 2018

PROSPECTUS

For a pro-rata non-renounceable entitlement issue of one (1) New Share for every two (2) Shares held by those Eligible Shareholders registered at the Record Date at an issue price of \$0.005 per New Share (**Entitlement Offer**) and an offer of Shortfall Shares to Eligible Shareholders and others on the terms set out in this Prospectus.

The Entitlement Offer is scheduled to close at 5:00pm (Sydney time) on 17 December 2018.

IMPORTANT NOTICE

This prospectus is a transaction-specific prospectus issued in accordance with section 713 of the *Corporations Act 2001* (Cth). This document is important and should be read in its entirety. If after reading this Prospectus you have any questions about the securities being offered under this Prospectus or any other matter, then you should consult your stockbroker, accountant or other professional adviser.

The New Shares offered by this Prospectus should be considered as highly speculative.

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1. CORPORATE DIRECTORY

Directors

Mr Peter Dykes – Executive Chairman
Dato' Muhamad Adlan bin Berhan – Executive Director
Mr Adam Monaghan – Non-Executive Director
Mr Colin Turner – Non-Executive Director

Company Secretary

Mr Peter Dykes

Registered Office

Level 12, 87-95 Pitt Street
Sydney NSW 2000

Share Registry

Security Transfer Australia Pty Ltd
PO Box 52
Collins Street West VIC 8007
registrar@securitytransfer.com.au

Auditor

Nexia Sydney Audit Pty Ltd
Nexia Sydney, Level 16, 1 Market Street
Sydney NSW 2000

Legal Advisor

Thomson Geer
Level 25, 1 O'Connell Street
Sydney NSW 2000

ASX Code

CHP

Website

<http://www.chapmanslimited.com/>

2. IMPORTANT NOTES

This Prospectus is an important document and requires your prompt attention. You should read it carefully. It is important that you consider the risk factors (see Section 9 of this Prospectus) before deciding on your course of action as these could affect the financial performance of Chapmans Limited (ACN 000 012 386) (the **Company**).

This Prospectus is dated 28 November 2018 and was lodged with ASIC on that date.

Neither ASIC nor the ASX and their officers take any responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates. The fact that the Company is admitted to the official list of the ASX and the fact that the New Shares may be granted official quotation by the ASX are not to be taken in any way as an indication of the merits of the Company or the New Shares offered under this Prospectus.

No New Shares may be issued on the basis of this Prospectus later than 13 months after the date of this Prospectus.

No person is authorised to give information or to make any representation in connection with this Prospectus, which is not contained in the Prospectus. Any information or representation not so contained may not be relied on as having been authorised by the Company (or any of its officers) in connection with this Prospectus.

It is important that investors read this Prospectus in its entirety and seek professional advice where necessary. The New Shares the subject of this Prospectus should be considered highly speculative.

This Prospectus is a transaction specific prospectus for an offer of continuously quoted securities (as defined in the Corporations Act) and has been prepared in accordance with section 713 of the Corporations Act. It does not contain the same level of disclosure as an initial public offering prospectus. In making representations in this Prospectus regard has been had to the fact that the Company is a disclosing entity for the purposes of the Corporations Act and certain matters may reasonably be expected to be known to investors and professional advisers whom potential investors may consult.

2.1 Risk factors

Potential investors should be aware that subscribing for New Shares in the Company involves a number of risks. The key risk factors of which investors should be aware are set out in Section 9 of this Prospectus. These risks together with other general risks applicable to all investments in listed securities not specifically referred to, may affect the value of the Shares in the future. Accordingly, an investment in the Company should be considered highly speculative. Investors should consider consulting their professional advisers before deciding whether to apply for New Shares pursuant to this Prospectus.

2.2 Forward-looking statements

This Prospectus contains forward-looking statements which are identified by words such as 'may', 'could', 'believes', 'estimates', 'targets', 'expects', or 'intends' and other similar words that involve risks and uncertainties.

These statements are based on an assessment of present economic and operating conditions, and on a number of assumptions regarding future events and actions that, as at the date of this Prospectus, are expected to take place.

Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of our Company, the Directors and our management.

We cannot and do not give any assurance that the results, performance or achievements expressed or implied by the forward-looking statements contained in this Prospectus will actually occur and investors are cautioned not to place undue reliance on these forward-looking statements.

We have no intention to update or revise forward-looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this prospectus, except where required by law.

These forward looking statements are subject to various risk factors that could cause our actual results to differ materially from the results expressed or anticipated in these statements. These risk factors are set out in Section 9 of this Prospectus.

2.3 Foreign jurisdictions – restrictions on distribution

The Offer is being made in Australia and New Zealand only. This Prospectus does not constitute an offer in any place which, or to any person whom, it would not be lawful to make such an offer. The distribution of this Prospectus in jurisdictions outside Australia and New Zealand may be restricted by law and persons who come into possession of this Prospectus in such jurisdictions should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

No action has been taken to register or qualify the New Shares or the Offer, or otherwise to permit a public offering of the New Shares, in any jurisdiction outside Australia and New Zealand.

The Shares have not been, and will not be, registered under the US Securities Act 1933 (**US Securities Act**) and may not be offered or sold in the United States of America, or to, or for the account or benefit of, "US Persons" (as defined in Rule 902 under the US Securities Act) except under an available exemption from registration under the US Securities Act. The Shares may only be resold or transferred in the United States of America, or to, or for the account or benefit of, US Persons if registered under the US Securities Act or pursuant to an exemption from registration under the US Securities Act and in compliance with state securities laws. The Company is under no obligation and has no intention to register any of the Shares in the United States of America.

2.4 Representations

No person is authorised to give any information or make any representations in connection with the Offer other than as contained in this Prospectus. Any information or representation in connection with the Offer not contained in this Prospectus is not,

and may not be relied on as having been, authorised by the Company (or any of its officers).

2.5 Disclaimer

This Prospectus contains general information only, and does not take into account the individual investment objectives, financial situation or particular needs of any person. Nothing in this Prospectus should be construed as a recommendation by the Company or any other person concerning an investment in the Company. You should read the entire Prospectus and, in particular, in considering the prospects for the Company, you should consider the risk factors that could affect the financial performance of the Company. You should carefully consider these factors in light of your personal circumstances (including financial and taxation issues), and if you are in any doubt as to what to do in relation to the Offer, you should seek professional advice from a licensed financial adviser, accountant, stockbroker, lawyer or other professional adviser before deciding whether to invest in the Company.

2.6 Electronic Prospectus

This Prospectus may be viewed by Eligible Shareholders online at <http://www.chapmanslimited.com/>. The website and its contents do not form part of this Prospectus and are not to be interpreted as part of, nor incorporated into, this Prospectus. Eligible Shareholders who receive the electronic version of this Prospectus should ensure that they download and read the entire Prospectus.

The Offer to which the electronic Prospectus relates is only available to Eligible Shareholders receiving the electronic Prospectus in Australia or New Zealand. Eligible Shareholders having received a copy of this Prospectus in its electronic form may obtain a paper copy of the Prospectus (including any supplementary document and the Application Form) (free of charge) during the period of the Offer by contacting the Company.

The Company reserves the right not to accept an Application Form from a person if it has reason to believe that when that person was given access to the electronic Application Form, it was not provided together with the electronic Prospectus and any relevant supplementary or replacement prospectus, or any of those documents were incomplete or altered.

2.7 Defined terms and Glossary

Certain capitalised words and expressions used in this Prospectus are defined in the Glossary at Section 12 of this Prospectus.

2.8 Financial amounts

Financial amounts in this Prospectus are expressed in Australian dollars unless otherwise stated. Any discrepancies between totals and sums of components in tables contained in this Prospectus are due to rounding.

2.9 Privacy

The Company collects information about each Applicant provided on an Application for the purposes of processing the Application and, if the Application is successful, to administer the Applicant's security holding in the Company.

By submitting an Application, each Applicant agrees that the Company may use the information provided by that Applicant on that Application for the purposes set out in this privacy disclosure statement and may disclose it for those purposes to the Share Registry, the Company's related bodies corporate, agents, contractors and third party service providers, including mailing houses and professional advisers, and to the ASX, ASIC and other regulatory authorities.

If an Applicant becomes a security holder of the Company, the Corporations Act requires the Company to include information about the security holder (name, address and details of the securities held) in its public register. This information must remain in the register even if that person ceases to be a security holder of the Company. Information contained in the Company's register is also used to facilitate distribution payments and corporate communications (including the Company's financial results, annual reports and other information that the Company may wish to communicate to its security holders) and compliance by the Company with legal and regulatory requirements.

If you do not provide the information required on the Application, the Company may not be able to accept or process your Application.

An Applicant has a right to gain access to the information that the Company and the Share Registry holds about that person subject to certain exemptions under law. Access requests must be made in writing to the Company.

3. IMPORTANT DATES AND KEY OFFER STATISTICS

IMPORTANT DATES:

Lodgement of Prospectus with ASIC and announcement of Entitlement Offer	Wednesday 28 November 2018
Existing Shares quoted 'ex' rights	Friday 30 November 2018
Record Date	7.00pm (Sydney time) on Monday 3 November 2018
Opening date of the Entitlement Offer	Thursday 6 November 2018
Closing date of the Entitlement Offer	5.00pm (Sydney time) on Monday 17 December 2018
Deferred settlement trading commences	Tuesday 18 December 2018
Deferred settlement trading ends	Monday 24 December 2018
Allotment of New Shares pursuant to the Entitlement Offer	Monday 24 December 2018
Despatch of holding statements	Monday 24 December 2018
New Shares allotted pursuant to the Entitlement Offer expected to commence trading on ASX	Thursday 27 December 2018
Last day by which Shortfall Shares (if any) may be issued	Sunday 17 March 2019

Dates may change

The above dates are subject to change and are indicative only. The Company reserves the right to vary the dates and times of the Offer, including to close the Offer early, extend the Offer or accept late Applications, without notifying any recipient of this Prospectus or any Applicants, subject to the Corporations Act, the ASX Listing Rules and other applicable laws.

KEY OFFER STATISTICS:

Offer Price for each New Share	\$0.005
Eligible Shareholders' Entitlement	1 New Share for every 2 Shares held on the Record Date

Number of Shares on issue as at the date of this Prospectus	271,406,124
Maximum number of New Shares to be issued under the Offer ¹	135,703,062
Total number of Shares on issue after completion of the Offer ¹	407,109,186

Approximate maximum Offer proceeds ¹	\$678,515.31 before expenses
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NOTES:

1. Assuming the Offer is fully subscribed and no other Shares or options to subscribe for Shares are issued between the date of this Prospectus and completion of the Offer.

HOW TO APPLY:

You may apply for New Shares only by following the instructions set out in Section 6 and on the back of the Application Form.

QUESTIONS:

Please contact Mr Peter Dykes, the Company Secretary, on +61 2 8079 2939 from 9.00am to 5.00pm (Sydney time) Monday to Friday, if you have any questions about this Prospectus. If you are in any doubt as to what to do in relation to the Offer, you should seek professional advice from a licensed financial adviser, accountant, stockbroker, lawyer or other professional adviser before deciding whether to invest in the Company.

4. EXECUTIVE CHAIRMAN'S LETTER

28 November 2018

Dear Investor,

On behalf of the Directors of Chapmans Limited (ACN 000 012 386) (the **Company**), I am pleased to announce that the Company is implementing a non-renounceable pro-rata entitlement offer (**Entitlement Offer**).

The offer is for 1 new ordinary share (**New Share**) for every existing 2 ordinary share held at an offer price \$0.005 per New Share. It is anticipated that up to 135,703,062 New Shares may be issued pursuant to this Prospectus, which would raise approximately \$678,515.31.

The purpose of the offer under this Prospectus is to fund general working capital.

Participation in the Entitlement Offer is entirely voluntary. If you decide to participate, you will receive New Shares in accordance with the terms set out in this Prospectus.

Under the Entitlement Offer, Shareholders are able to purchase New Shares (ranking equally with existing fully paid ordinary shares) without brokerage costs.

The right to participate in the Entitlement Offer is only available to investors who were registered as shareholders of fully paid ordinary shares in the Company at 7.00pm (Sydney time) on Monday 3 December 2018.

The Entitlement Offer is non-renounceable and will open on Thursday 6 December 2018 and will close at 5.00pm (Sydney time) on Monday 17 December 2018.

The terms and conditions of the Entitlement Offer are contained in this Prospectus. Please read this Prospectus (including the risk factors in Section 9) carefully and in its entirety.

On behalf of the Directors, I invite you to consider this opportunity to increase your investment in the Company.

Yours sincerely



Peter Dykes
Executive Chairman
Chapmans Limited

5.

INVESTMENT OVERVIEW

The information in this Section 6 is a summary only. It should be read in conjunction with the information in the remainder of this Prospectus.

5.1

Key features of the Offer

Non-renounceable Entitlement Issue	A non-renounceable pro-rata entitlement offer to Eligible Shareholders of 1 New Share for every 1 Share held at the Record Date at an Offer Price of A\$0.005 per New Share		
Shortfall Offer	An offer of Shortfall Shares to Eligible Shareholders and others on the terms set out in Section 6.4.		
Use of funds	The Company's present intention is to use the funds raised under the Offer (from payment of the Offer Price) as follows:		
	Trade Creditors	\$400,000	59%
	Salary & Wages	\$150,000	22%
	Company Administration Expenses	\$100,000	15%
	Expenses of the Offer	\$28,515	4%
	Total	\$678,515	100%
	There is no minimum amount sought to be raised by the Offer and the New Shares may be issued in respect of Applications irrespective of the total level of subscriptions made. There is no guarantee that the Offer will raise an adequate or sufficient level of funds to enable the Company to achieve its stated objectives. If the full amount of the Offer is not raised the Company will apply the funds raised in accordance with the percentages in the right-hand column of the above table.		
Closing date of Entitlement Offer*	5:00pm (Sydney time) on Monday, 17 December 2018.		

**Note: The above closing date is subject to change and is indicative only. Percentages may not add up to 100% because of rounding.*

5.2

Key risks

The business, assets and operations of the Company will be subject to certain risk factors that have the potential to influence the operating and financial performance of the Company in the future. These risks can impact on the value of an investment in Shares of the Company.

The Board aims to manage these risks by carefully planning its activities and implementing risk control measures. Some of the risks are, however, highly

unpredictable and the extent to which they can effectively be managed or mitigated may be limited.

Set out below are specific risks that the Company is and will be exposed to. Further risks associated with an investment in the Company are outlined in Section 9.

Specific Risks

(a) Cryptocurrency Related Business Activities

The Company has made and proposes to make investments in businesses considered crypto-currency-related businesses. The Company notes the following in relation to cryptocurrency-related business investments:

- investment into cryptocurrency related businesses are high risk in nature as cryptocurrencies are currently highly speculative;
- cryptocurrency-related businesses have a number of other risk factors, including but not limited to the following:
 - the development of new regulatory framework involving cryptocurrencies;
 - cryptocurrencies and cryptocurrency exchanges have raised regulatory issues across multiple jurisdictions;
 - in many countries, cryptocurrencies are subject to anti-money laundering and counter-terrorism funding legislations; and
- for its blockchain and cryptocurrency-related business investments, the Company has and will always endeavour to use the best of its ability to ensure that the Company and its subsidiaries comply with relevant local in-country regulatory requirements.

(b) Additional Requirements for capital

The Company's ability to effectively implement its business and operations plans in the future, to take advantage of opportunities for acquisitions or other business opportunities and to meet any unanticipated liabilities or expenses which the Company may incur may depend in part on its ability to raise additional funds.

The Company may seek to raise further funds through equity or debt financing, joint ventures or other means. Market conditions which are then generally prevailing will impact on the price or cost at which the Company will be able to raise such funds and no assurance can be given that such funding will be available on terms acceptable to the Company. Failure to obtain sufficient financing for the Company's activities may result in delay and indefinite postponement of the Company's business. There can be no assurance that additional finance will be available when needed or, if available, the terms of the financing might not be favourable to the Company. Any additional equity financing will dilute shareholdings, and debt financing, if available, may involve restrictions on financing and

operating activities. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its activities.

(c) New business opportunities and acquisitions

The Company has to date and will continue to actively pursue and assess other new business opportunities. The Company cannot confirm the structure or proposed form of any potential business opportunity.

The acquisition of a business or asset may require the payment of monies (as a deposit) after only limited due diligence and prior to the completion of comprehensive due diligence. There can be no guarantee that any proposed acquisition will be completed or successful. If the proposed acquisition is not completed, monies already advanced may not be recoverable, which may have a material adverse effect on the Company.

If an acquisition is completed, the Directors will need to reassess, at that time, the funding allocated to current activities and the new business and/or assets, which may result in the Company reallocating funds from its existing activities and/or the raising of additional capital (if available). Furthermore, notwithstanding that an acquisition may proceed upon the completion of due diligence, the usual risks associated with the new business activities will remain.

Any new asset or business acquisition may change the risk profile of the Company, particularly if the new asset or business is located or operates in another jurisdiction and/or changes the Company's capital/funding requirements. Should the Company propose or complete the acquisition of a new asset or business activity, investors should re-assess their investment in the Company in light of the new asset/business activity.

(d) Market for Shares

There can be no guarantee that an active market in the Company's Shares will exist in future.

(e) Issue of Additional Securities

In certain circumstances, the Directors may issue equity securities without any vote or action by Shareholders. If the Company were to issue any equity securities the percentage ownership of existing Shareholders may be reduced and diluted. Further, if any holders of Options choose to exercise their Options, the percentage ownership of existing Shareholders may be further reduced and diluted.

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company and you should refer to the additional risk factors in Section 9 of this Prospectus before deciding whether to apply for New Shares pursuant to this Prospectus.

You should read this Prospectus carefully and in its entirety, including Section 9, before deciding whether to apply for New Shares. If you are in doubt as to the course you should follow, you should consult your licensed financial adviser, accountant, stockbroker, lawyer

or other professional adviser. The New Shares offered by this Prospectus should be considered highly speculative.

6. DETAILS OF THE OFFER

6.1 The Entitlement Offer

6.1.1 Background to the Entitlement Offer

The Entitlement Offer is being made to Eligible Shareholders as a non-renounceable entitlement issue of one (1) New Share for every two (2) Shares held by Eligible Shareholders registered at the Record Date at an issue price of \$0.005 per New Share. Fractional entitlements will be rounded up to the nearest whole number.

Based on the capital structure of the Company as at the date of this Prospectus, a maximum of 135,703,062 New Shares will be offered pursuant to this Entitlement Offer to raise up to \$678,515.31 before Offer costs.

All of the New Shares offered under this Prospectus will rank equally with the Shares on issue at the date of this Prospectus. Please refer to section 8 for further information regarding the rights and liabilities attaching to the Shares.

The Entitlement of each Eligible Shareholder under the Entitlement Offer is shown on the personalised Application Form accompanying this Prospectus. If you are an Eligible Shareholder and did not receive your personalised Application Form, please call Mr Peter Dykes, the Company Secretary, on +61 2 8079 2939.

The purpose of the Entitlement Offer and the intended use of funds raised are set out in Section 7.1 of this Prospectus.

6.1.2 Offer Price

The Offer Price is \$0.005 per New Share.

6.1.3 Eligible Shareholders

The Entitlement Offer is offered only to Eligible Shareholders who are registered holders of Shares at the Record Date.

Shareholders who were not recorded on the Register at the Record Date are not eligible to participate in the Entitlement Offer.

6.1.4 Non-renounceable

The Entitlement Offer is non-renounceable. This means that your Entitlement to subscribe for New Shares under this Prospectus is not transferable and there will be no trading of Entitlements on the ASX. If you choose not to take up your Entitlements, you will receive no benefit and your shareholding in the Company will be diluted as a result.

6.1.5 Minimum subscription

There is no minimum subscription for the Offer.

6.1.6 **Acceptance**

Your acceptance of the Entitlement Offer must be made on the Entitlement and Acceptance Form accompanying this Prospectus. Your acceptance must not exceed your Entitlement as shown on that form. If it does, your acceptance will be deemed to be for the maximum Entitlement.

You may participate in the Entitlement Offer as follows:

- (a) if you wish to accept your **full** Entitlement:
 - (i) complete the Entitlement and Acceptance Form; and
 - (ii) attach your cheque, drawn on an Australian bank or bank draft made payable in Australian currency, for the amount indicated on the Entitlement and Acceptance Form; or
- (b) if you only wish to accept **part** of your Entitlement:
 - (i) fill in the number of Shares you wish to accept in the space provided on the Entitlement and Acceptance Form; and
 - (ii) attach your cheque, drawn on an Australian bank or bank draft made payable in Australian currency, for the appropriate application monies (at \$0.005 per Share); or
- (c) if you do not wish to accept all or part of your Entitlement, you are not obliged to do anything.

6.1.7 **Payment by cheque/bank draft**

All cheques must be drawn on an Australian bank or bank draft made payable in Australian currency to "Chapmans Limited – Share Account" and crossed "Not Negotiable".

Your completed Entitlement and Acceptance Form and cheque must reach the Company's share registry no later than 5:00 pm (Sydney time) on the Closing Date.

6.1.8 **Payment by BPAY®**

For payment by BPAY®, please follow the instructions on the Entitlement and Acceptance Form. You can only make a payment via BPAY® if you are the holder of an account with an Australian financial institution that supports BPAY® transactions. Please note that should you choose to pay by BPAY®:

- (a) you do not need to submit the Entitlement and Acceptance Form but are taken to have made the declarations on that Entitlement and Acceptance Form; and
- (b) if you do not pay for your Entitlement in full, you are deemed to have taken up your Entitlement in respect of such whole number of Shares which is covered in full by your application monies.

It is your responsibility to ensure that your BPAY® payment is received by the share registry by no later than 5:00 pm (Sydney Time) on the Closing Date. You should be aware that your financial institution may implement either cut-off times with regards to electronic payment and you should therefore take this into consideration when making payment. Any application monies received for more than your final allocation of Shares (only where the amount is \$1.00 or greater) will be refunded. No interest will be paid on any application monies received or refunded.

6.1.9 Application is binding

Receipt of Application Monies and a completed and lodged Application Form, constitutes a binding acceptance of the Company's Offer of New Shares on the terms of the Offer in this Prospectus and an acknowledgement by the Applicant that it has received and read this Prospectus, it has acted in accordance with the terms of the Offer, and that it agrees to all of the terms of the Offer.

Each Application, once lodged, cannot be withdrawn.

The Application does not need to be signed to be binding. If an Application Form is not completed correctly or if there is a discrepancy between the Application Monies paid and the Application Form submitted, the Company, in its absolute discretion, can reject the Application or treat it as valid, whether in whole or in part. The Company's decision as to whether to accept or reject an Application (in whole or in part) or how to interpret an incorrectly completed Application Form is final.

6.1.10 Application Payment

The Company is entitled to retain any interest paid on any Application Monies, whether or not allotment and issue of the New Shares takes place. If quotation of the New Shares is not granted by the ASX within the time required by law, no New Shares will be allotted and Application Payments will be refunded to Applicants without interest within the time prescribed under the Corporations Act.

6.1.11 Entitlement Offer Closing Date

Your completed Application Form and payment must reach the Share Registry no later than the Closing Date, which is currently 5.00pm (Sydney time) on Monday, 17 December 2018.

The Company reserves the right, subject to the Corporations Act, the ASX Listing Rules and any requirements of the ASX, to accept late Applications or to extend the Closing Date without prior notice.

If the Closing Date is varied, subsequent dates may also be varied accordingly. Unless the Company decides to accept late Applications or extend the Closing Date, Applications received after the Closing Date may be rejected and those Application Payments refunded without interest.

6.1.12 Brokerage, commission and stamp duty

No brokerage, commission or stamp duty is payable by Applicants under the Offer.

6.1.13 Allocation

The following allocation policy will apply for any Application in excess of an Eligible Shareholder's Entitlement where the Offer is oversubscribed:

- (a) all Eligible Shareholders will receive their Entitlement, to the extent applied for; and
- (b) any amount by which Applications from Eligible Shareholders exceed their Entitlements may be scaled back, at the absolute discretion of the Directors.

If there is a shortfall, the Directors will have discretion as to how to allocate Shortfall Shares, however, the Company intends to allocate Shortfall Shares in accordance with the following priorities:

- (a) first priority will be given to Eligible Shareholders that have subscribed for their full Entitlement provided that the issue of the Shortfall Shares will not result in the applicant's voting power in the Company exceeding 20%; and
- (b) second priority will be given to third parties applying for Shortfall Shares by the Closing Date.

6.1.14 No underwriting

The Entitlement Offer is not underwritten.

6.1.15 Allotment of New Shares

Allotment and issue of New Shares will only be made once the Application Monies have been received and the ASX has granted permission for quotation of the New Shares.

If such permission is granted, it is expected the New Shares will be allotted pursuant to the Entitlement Offer on Monday 24 December 2018. Shortfall Shares (if any) will be allotted by Sunday 17 March 2019.

It is the responsibility of Applicants to determine their allocation of New Shares prior to trading in the New Shares. Applicants who sell New Shares before they receive their holding statement do so at their own risk.

6.2 CHES

Under CHES, Applicants will not receive a certificate but will receive a statement of their holding of New Shares. If an Applicant is broker sponsored, a CHES statement will be issued to that Applicant which sets out the number of New Shares issued under this Prospectus, provides details of the Applicant's holder identification number and the participant identification number of the sponsor. If an Applicant is registered in the Company's issuer sponsored sub register, its statement will be despatched by the Share Registry and will contain the number of New Shares issued to it under this Prospectus and its security holder reference number.

6.3 Foreign selling restrictions

(a) General

The Offer is being made in Australia and New Zealand only. This Prospectus does not constitute an offer in any place which, or to any person whom, it would not be lawful to make such an offer.

The distribution of this Prospectus in jurisdictions outside Australia and New Zealand may be restricted by law and persons who come into possession of this Prospectus in such jurisdictions should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

No action has been taken to register or qualify the New Shares or the Offer, or otherwise to permit a public offering of the New Shares, in any jurisdiction outside Australia and New Zealand.

(b) Beneficial holders

The foreign selling restrictions under the Offer apply to the underlying beneficial holder. Nominees, trustees and custodians must not apply on behalf of any beneficial holder that would not itself be an Eligible Shareholder. Applicants who are nominees, trustees or custodians are advised to seek independent advice as to how they should proceed. Applicants applying on behalf of persons whose registered address is not in Australia or New Zealand are responsible for ensuring that applying for New Shares does not breach securities laws in the relevant overseas jurisdictions.

Nominees and custodians that hold Shares should note that the Entitlement Offer is available only to Eligible Shareholders. The Company is not required to determine whether or not any Registered Shareholder is acting as a nominee or the identity or residence of any beneficial owners of Shares. If any nominee or custodian is acting on behalf of a foreign person, that Shareholder, in dealing with its beneficiary, will need to assess whether indirect participation by the beneficiary in the Offer is compatible with applicable foreign laws.

(c) New Zealand securities law requirements

This Offer to New Zealand investors is a regulated offer made under Australian and New Zealand law. In Australia, this is Chapter 8 of the Corporations Act and regulations made under the Corporations Act. In New Zealand, this is subpart 6 of Part 9 of the Financial Markets Conduct Act 2013 and Part 9 of the Financial Markets Conduct Regulations 2014.

This offer and the content of the offer document are principally governed by Australian rather than New Zealand law. In the main, the Corporations Act and the regulations made under the Corporations Act set out how the offer must be made.

There are differences in how financial products are regulated under Australian law. For example, the disclosure of fees for managed investment schemes is different under the Australian regime.

The rights, remedies, and compensation arrangements available to New Zealand investors in Australian financial products may differ from the rights, remedies, and compensation arrangements for New Zealand financial products.

Both the Australian and New Zealand financial markets regulators have enforcement responsibilities in relation to this offer. If you need to make a complaint about this Offer, please contact the Financial Markets Authority, New Zealand (<http://www.fma.govt.nz>). The Australian and New Zealand regulators will work together to settle your complaint.

The taxation treatment of Australian financial products is not the same as for New Zealand financial products.

If you are uncertain about whether this investment is appropriate for you, you should seek the advice of an appropriately qualified financial adviser.

The Offer may involve a currency exchange risk. The currency for the financial products is not New Zealand dollars. The value of the financial products will go up or down according to changes in the exchange rate between that currency and New Zealand dollars. These changes may be significant.

If you expect the financial products to pay any amounts in a currency that is not New Zealand dollars, you may incur significant fees in having the funds credited to a bank account in New Zealand in New Zealand dollars.

If the financial products are able to be traded on a financial product market and you wish to trade the financial products through that market, you will have to make arrangements for a participant in that market to sell the financial products on your behalf. If the financial product market does not operate in New Zealand, the way in which the market operates, the regulation of participants in that market, and the information available to you about the financial products and trading may differ from financial product markets that operate in New Zealand.

6.4 Shortfall Offer

Any Entitlement not taken up pursuant to the Entitlement Offer will form the Shortfall Offer.

The Shortfall Offer is a separate offer made pursuant to this Prospectus and will remain open for up to three months following the Closing Date. The issue price for each Shortfall Share to be issued under the Shortfall Offer shall be \$0.005 being the price at which New Shares have been offered under the Entitlement Offer.

The Shortfall Offer is, to the extent it is made in Australia, made under this Prospectus. To the extent the Shortfall Offer is made outside Australia, the Shortfall Offer is made without disclosure, a prospectus, lodgement, filing or registration or other

requirements of any applicable securities law, and only in circumstances where it is lawful to do so (such as to institutional or sophisticated investors).

Eligible Shareholders may, in addition to their Entitlement, apply for Shortfall Shares by completing the Shortfall Application Form in accordance with the instructions set out in that form.

Other investors who are not Eligible Shareholders may apply for Shortfall Shares by requesting a Shortfall Application Form from the Share Registry. If such investors are located outside Australia, then in making an Application, such investors represent to the Company that they are applying for Shortfall Shares in circumstances which do not require the Shortfall Offer or this Prospectus to be registered in any jurisdiction other than Australia.

It is possible that there may be few or no Shortfall Shares available for issue, depending on the level of take up of Entitlements by Eligible Shareholders. The Company will allocate Shortfall Shares at the Directors' absolute discretion.

The Directors reserve the right at their absolute discretion to reject any Applications for Shortfall Shares and it is an express term of the Shortfall Offer that Applicants for Shortfall Shares will be bound to accept a lesser number of Shortfall Shares allocated to them than they applied for. If a lesser number is allocated, any excess Application Payment will be refunded without interest as soon as practicable after the Closing Date.

6.5 **ASX listing**

Application for Official Quotation of the New Shares offered pursuant to this Prospectus will be made in accordance with the timetable set out at the commencement of this Prospectus. If the ASX does not grant Official Quotation of the New Shares offered pursuant to this Prospectus before the expiration of 3 months after the date of issue of the Prospectus, (or such period as varied by the ASIC), the Company will not issue any Shares and will repay all Application Monies for the Shares within the time prescribed under the Corporations Act, without interest.

The fact that the ASX may grant Official Quotation to the Shares is not to be taken in any way as an indication of the merits of the Company or the Shares now offered for subscription.

6.6 **Issue**

New Shares issued pursuant to the Entitlement Offer will be issued in accordance with the ASX Listing Rules and timetable set out at the commencement of this Prospectus.

Pending the issue of the New Shares or payment of refunds pursuant to this Prospectus, all Application Monies will be held by the Company in trust for the Applicants in a separate bank account as required by the Corporations Act. The Company, however, will be entitled to retain all interest that accrues on the bank account and each Applicant waives the right to claim interest.

Holding statements for New Shares issued under the Entitlement Offer will be mailed in accordance with the ASX Listing Rules and timetable set out at the

commencement of this Prospectus and for Shortfall Shares issued under the Shortfall Offer as soon as practicable after their issue.

6.7 Risks

Investors should carefully read the risk factors in Sections 5.2 and 9 of the Prospectus. An investment in New Shares involves various risks, a number of which are specific to the Company, its subsidiaries and the industry in which it operates.

An investment in New Shares should be regarded as speculative.

6.8 Taxation

It is the responsibility of all Applicants to satisfy themselves of the particular tax consequences that apply to them, by consulting their own professional financial and taxation advisers. Neither the Company, subsidiaries nor any of their respective officers, employees or agents, nor its taxation or other advisers accepts any liability or responsibility in respect of taxation consequences connected with the Offer.

6.9 Professional advice

If you are in any doubt as to what to do in relation to the Offer, you should seek professional advice from a licensed financial adviser, accountant, stockbroker, lawyer or other professional adviser before deciding whether to invest in the Company.

6.10 Enquiries

Any questions concerning the Offer should be directed to Peter Dykes, the Company Secretary, on +61 2 8079 2939.

7. PURPOSE AND EFFECT OF THE ENTITLEMENT OFFER

7.1 Purpose of the Entitlement Offer

The purpose of the Entitlement Offer is to raise up to \$678,515.31.

If the Offer is fully subscribed, the Company's present intention is to use the funds raised from the Entitlement Offer in accordance with the table set out below:

Item	Proceeds of the Offer	Full Subscription (\$)	%
1.	Trade Creditors	400,000	59%
2.	Salary & Wages	150,000	22%
3.	Administration Expenses	100,000	15%
4.	Expenses of the Offer ¹	28,515	4%
	Total²	\$678,515	100%

Notes:

1. Refer to Section 10.7 of this Prospectus for further details relating to the estimated expenses of the Offer.
2. If the full amount of the Entitlement Offer is not raised the Company will apply the funds raised in accordance with the percentages in the right-hand column of the table.

The above table is a statement of current intentions as of the date of this Prospectus. As with any budget, intervening events and new circumstances have the potential to affect the manner in which the funds are ultimately applied. The Board reserves the right to alter the way funds are applied on this basis.

There is no minimum subscription under the Offer and no guarantee that the Offer will raise an adequate or sufficient level of funds to enable the Company to achieve its stated objectives.

7.2 Effect of the Offer

The principal effect of the Entitlement Offer, assuming all Entitlements are accepted, will be to:

- (a) increase the cash reserves by approximately \$678,515.31 (after deducting the estimated expenses of the Offer) immediately after completion of the Offer; and
- (b) increase the number of Shares on issue from 271,406,124 as at the date of this Prospectus to 407,109,186 Shares.

7.3 Effect on financial position of the Company

- (a) General

If the Offer is successfully completed and all Eligible Shareholders take up their full Entitlements, the broad effect on the Company's financial position will be to increase Shareholders' funds and net assets by approximately \$678,515.31 before payment of the expenses of the Offer.

(b) Pro-forma Balance Sheet

The audited balance sheet as at 31 December 2017 and the unaudited pro-forma balance sheet as at 31 December 2017 shown below have been prepared on the basis of the accounting policies normally adopted by the Company and reflect the changes to its financial position.

The pro-forma balance sheet has been prepared assuming that all Entitlements are accepted, including expenses of the Offer, and no additional Shares were issued on or before the Record Date

The pro-forma balance sheet has been prepared to provide investors with information on the assets and liabilities of the Company and pro-forma assets and liabilities of the Company as noted below. The historical and pro-forma financial information is presented in an abbreviated form, insofar as it does not include all of the disclosures required by Australian Accounting Standards applicable to annual financial statements.

	Audited	Adjustments in	Adjustments	Unaudited
	31 December	relation to the	related to the	Pro Forma
	2017	Previous Issues	Offer	31 December
	\$	\$	\$	2017
	\$	\$	\$	\$
Current Assets				
Cash assets	41,943	5,468,250	650,000	6,160,193
Trade and other receivables	596,295	-	-	596,295
Total Current Assets	638,238	5,468,250	650,000	6,756,488
Non-Current Assets				
Financial assets	2,860,008	-	-	2,860,008
Investments accounted for under the equity method	626,509	-	-	626,509
Plant & Equipment	7,386	-	-	7,386
Total Non-Current Assets	3,493,903	-	-	3,493,903
TOTAL ASSETS	4,132,141	5,468,250	650,000	10,250,391
Current Liabilities				
Trade and other payables	572,437	-	-	572,437
Borrowings	10,320	-	-	10,320
Total Current Liabilities	582,757	-	-	582,757
Non-Current Liabilities				
Borrowings	-	-	-	-
Total Current Liabilities	-	-	-	-
TOTAL LIABILITIES	582,757	-	-	582,757
NET ASSETS	3,549,384	5,468,250	650,000	9,667,634
EQUITY				
Contributed equity	27,383,547	5,468,250	650,000	33,501,797
Accumulated losses	(26,993,221)	-	-	(26,993,221)
Reserves	100,186	-	-	100,186
Equity Attributable to owners of Chapmans Ltd	490,512	5,468,250	650,000	6,608,762
Non controlling interest	3,058,872	-	-	3,058,872
TOTAL EQUITY	3,549,384	5,468,250	650,000	9,667,634

7.4 Effect on capital structure

The effect of the Offer on the capital structure of the Company, assuming all Entitlements are accepted, is set out below.

	Number
Shares currently on issue	271,406,124
Shares offered pursuant to the Entitlement Offer	135,703,062
Total Shares on issue after completion of the Offer	407,109,186
Total Shares on issue after completion of the Offer on a fully diluted basis assuming all Options are exercised following close of the Offer¹	494,413,186

1. There are currently 87,304,000 Options on issue.

The Company's actual position on completion of the Offer may differ from the position illustrated above if the Offer is not fully subscribed. If the Offer is not fully subscribed, fewer New Shares will be issued than shown above. After the Closing Date, the Company will announce to the ASX the actual number of New Shares to be issued under the Offer.

7.5 Effect on Shareholdings

(a) General

If an Eligible Shareholder takes up its full Entitlement, then it will not be diluted. If an Eligible Shareholder does not take up its full Entitlement, then it will be diluted. Shareholders who are not Eligible Shareholders will have their shareholdings diluted by the Offer.

The effect of the Offer on the control of the Company will depend upon a number of factors, including:

- (i) the level of Shareholder participation in the Offer; and
- (ii) which Shareholders participate.

If every Eligible Shareholder was to take up its full Entitlement, there would be a minimal effect on the control of the Company, as the Entitlement Offer is made pro-rata.

(b) Illustration of dilutionary effect

Shareholders who do not participate in the Offer will have their shareholding diluted.

The table below illustrates the dilutionary effect assuming that:

- (i) each example Shareholder does not take up its Entitlement;
- (ii) each example Shareholder's Entitlement is subscribed for under the Shortfall Offer;
- (iii) the Offer is fully subscribed;
- (iv) no Options in the Company are exercised; and
- (v) no Shares are issued other than pursuant to the Offer.

Example Shareholder	Shareholding at Record Date		Entitlement to New Shares	Shareholding as at completion of the Offer if the example Shareholder does not take up its Entitlement	
	Number	%		Number	%
1	40,000,000	14.74%	20,000,000	40,000,000	9.83%
2	20,000,000	7.37%	10,000,000	20,000,000	4.91%
3	10,000,000	3.68%	5,000,000	10,000,000	2.46%
4	5,000,000	1.84%	2,500,000	5,000,000	1.23%

8. RIGHTS AND LIABILITIES ATTACHING TO SECURITIES

The following is a summary of the more significant rights and liabilities attaching to Shares being offered pursuant to this Prospectus. This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of Shareholders. To obtain such a statement, persons should seek independent legal advice.

Full details of the rights and liabilities attaching to Shares are set out in the Constitution, a copy of which is available for inspection at the Company's registered office during normal business hours.

8.1 Shares

(a) General meetings

Shareholders are entitled to be present in person, or by proxy, attorney or representative to attend and vote at general meetings of the Company.

Shareholders may requisition meetings in accordance with section 249D of the Corporations Act and the Constitution of the Company.

(b) Voting rights

Subject to any rights or restrictions for the time being attached to any class or classes of shares, at general meetings of shareholders or classes of shareholders:

- (i) each Shareholder entitled to vote may vote in person or by proxy, attorney or representative;
- (ii) on a show of hands, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder has one vote; and
- (iii) on a poll, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder shall, in respect of each fully paid Share held by him, or in respect of which he is appointed a proxy, attorney or representative, have one vote for each Share held, but in respect of partly paid shares shall have such number of votes as bears the same proportion to the total of such Shares registered in the Shareholder's name as the amount paid (not credited) bears to the total amounts paid and payable (excluding amounts credited).

(c) Dividend rights

Subject to the rights of any preference Shareholders and to the rights of the holders of any shares created or raised under any special arrangement as to dividend, the Directors may from time to time declare a dividend to be paid to the Shareholders entitled to the dividend which shall be payable on all Shares according to the proportion that the amount paid (not credited) is of the total amounts paid and payable (excluding amounts credited) in respect of such Shares.

The Directors may from time to time pay to the Shareholders any interim dividends as they may determine. No dividend shall carry interest as against the Company. The Directors may set aside out of the profits of the Company any amounts that they may determine as reserves, to be applied at the discretion of the Directors, for any purpose for which the profits of the Company may be properly applied.

Subject to the ASX Listing Rules and the Corporations Act, the Company may, by resolution of the Directors, implement a dividend reinvestment plan on such terms and conditions as the Directors think fit and which provides for any dividend which the Directors may declare from time to time payable on Shares which are participating Shares in the dividend reinvestment plan, less any amount which the Company shall either pursuant to the Constitution or any law be entitled or obliged to retain, be applied by the Company to the payment of the subscription price of Shares.

(d) **Winding-up**

If the Company is wound up, the liquidator may, with the authority of a special resolution, divide among the Shareholders in kind the whole or any part of the property of the Company, and may for that purpose set such value as he considers fair upon any property to be so divided, and may determine how the division is to be carried out as between the Shareholders or different classes of Shareholders.

The liquidator may, with the authority of a special resolution, vest the whole or any part of any such property in trustees upon such trusts for the benefit of the contributories as the liquidator thinks fit, but so that no Shareholder is compelled to accept any shares or other securities in respect of which there is any liability.

(e) **Shareholder liability**

As the Shares issued will be fully paid shares, they will not be subject to any calls for money by the Directors and will therefore not become liable for forfeiture.

(f) **Transfer of shares**

Generally, shares in the Company are freely transferable, subject to formal requirements, the registration of the transfer not resulting in a contravention of or failure to observe the provisions of a law of Australia and the transfer not being in breach of the Corporations Act and the ASX Listing Rules.

(g) **Future increase in capital**

The issue of any new Shares is under the control of the Directors of the Company. Subject to restrictions on the issue or grant of Shares contained in the ASX Listing Rules, the Constitution and the Corporations Act (and without affecting any special right previously conferred on the holder of an existing share or class of shares), the Directors may issue Shares as they shall, in their absolute discretion, determine.

(h) **Variation of rights**

Under section 246B of the Corporations Act, the Company may, with the sanction of a special resolution passed at a meeting of Shareholders vary or abrogate the rights attaching to shares.

If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class), whether or not the Company is being wound up, may be varied or abrogated with the consent in writing of the holders of three quarters of the issued shares of that class, or if authorised by a special resolution passed at a separate meeting of the holders of the shares of that class.

(i) **Alteration of constitution**

In accordance with the Corporations Act, the Constitution can only be amended by a special resolution passed by at least three quarters of Shareholders present and voting at the general meeting. In addition, at least 28 days written notice specifying the intention to propose the resolution as a special resolution must be given.

The Shares offered under this Prospectus are considered highly speculative. An investment in the Company is not risk free and the Directors strongly recommend potential investors to consider the risk factors described below, together with information contained elsewhere in this Prospectus and to consult their professional advisers before deciding whether to apply for Shares pursuant to this Prospectus.

There are specific risks which relate directly to the Company's business. In addition, there are other general risks, many of which are largely beyond the control of the Company and the Directors. The risks identified in this Section, or other risk factors, may have a material impact on the financial performance of the Company and the market price of the Shares.

The following is not intended to be an exhaustive list of the risk factors to which the Company is exposed.

9.1**Company Specific Risks**

Risks specific to the Company include, without limitation:

(a) Cryptocurrency Related Business Activities

The Company has made and proposes to make investments in businesses considered crypto-currency-related businesses. The Company notes the following in relation to cryptocurrency-related business investments:

- investment into cryptocurrency related businesses are high risk in nature as cryptocurrencies are currently highly speculative;
- cryptocurrency-related businesses have a number of other risk factors, including but not limited to the following:
 - the development of new regulatory framework involving cryptocurrencies;
 - cryptocurrencies and cryptocurrency exchanges have raised regulatory issues across multiple jurisdictions;
 - in many countries, cryptocurrencies are subject to anti-money laundering and counter-terrorism funding legislations; and
- for its blockchain and cryptocurrency-related business investments, the Company has and will always endeavour to use the best of its ability to ensure that the Company and its subsidiaries comply with relevant local in-country regulatory requirements.

(b) Additional Requirements for Capital

The Company's ability to effectively implement its business and operations plans in the future, to take advantage of opportunities for acquisitions or other business opportunities and to meet any unanticipated liabilities or expenses

which the Company may incur may depend in part on its ability to raise additional funds.

The Company may seek to raise further funds through equity or debt financing, joint ventures or other means. Market conditions which are then generally prevailing will impact on the price or cost at which the Company will be able to raise such funds and no assurance can be given that such funding will be available on terms acceptable to the Company. Failure to obtain sufficient financing for the Company's activities may result in delay and indefinite postponement of the Company's business. There can be no assurance that additional finance will be available when needed or, if available, the terms of the financing might not be favourable to the Company. Any additional equity financing will dilute shareholdings, and debt financing, if available, may involve restrictions on financing and operating activities. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its activities.

(c) **New business opportunities and acquisitions**

The Company has to date and will continue to actively pursue and assess other new business opportunities. The Company cannot confirm the structure or proposed form of any potential business opportunity.

The acquisition of a business or asset may require the payment of monies (as a deposit) after only limited due diligence and prior to the completion of comprehensive due diligence. There can be no guarantee that any proposed acquisition will be completed or successful. If the proposed acquisition is not completed, monies already advanced may not be recoverable, which may have a material adverse effect on the Company.

If an acquisition is completed, the Directors will need to reassess, at that time, the funding allocated to current activities and the new business and/or assets, which may result in the Company reallocating funds from its existing activities and/or the raising of additional capital (if available). Furthermore, notwithstanding that an acquisition may proceed upon the completion of due diligence, the usual risks associated with the new business activities will remain.

Any new asset or business acquisition may change the risk profile of the Company, particularly if the new asset or business is located or operates in another jurisdiction and/or changes the Company's capital/funding requirements. Should the Company propose or complete the acquisition of a new asset or business activity, investors should re-assess their investment in the Company in light of the new asset/business activity.

(d) **Market for Shares**

There can be no guarantee that an active market in the Company's Shares will exist in future.

(e) **Issue of Additional Securities**

In certain circumstances, the Directors may issue equity securities without any vote or action by Shareholders. If the Company were to issue any equity

securities the percentage ownership of existing Shareholders may be reduced and diluted. Further, if any holders of Options choose to exercise their Options, the percentage ownership of existing Shareholders may be further reduced and diluted.

9.2 Industry Specific Risks

(a) Unforeseen expenditure risk

Expenditure may need to be incurred that has not been taken into account by the Company. If such unforeseen expenditure is subsequently incurred, this may adversely affect the Company's financial position and financial performance.

(b) Dependence on outside parties

The Company may pursue a strategy that forms strategic business relationships with other organisations. There can be no assurance that the Company will be able to attract such prospective organisations and to negotiate appropriate terms and conditions with these organisations.

9.3 Risks associated with the Entitlement Offer

(a) Liquidity

The market for Shares may be illiquid.

9.4 General Risks

(a) Policies and legislation

Any material adverse changes in Federal, State or Territory government policies or legislation of Australia and in other jurisdictions in which the Company operates or may operate may affect the viability and profitability of the Company.

(b) Share market

Share market conditions may affect the value of the Company's quoted Shares regardless of the Company's operating performance. The market price of the Shares may be subject to fluctuation and may be affected by many factors including, but not limited to, the following:

- general economic outlook;
- interest rates and inflation rates;
- currency fluctuations;
- commodity price fluctuations;
- changes in investor sentiment toward particular market sectors;
- the demand for, and supply of, capital; and
- terrorism or other hostilities.

There is also no guarantee that an active market in the Shares will develop or that the price of the Shares will increase. There may be relatively few or no buyers or sellers of Shares on the ASX at any particular time.

The market price of Shares can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general and resource exploration stocks in particular. Neither the Company nor the Directors warrant the future performance of the Company or any return on an investment in the Company. Investors may therefore realise less than, or lose all of, their investment.

(c) **Competition**

The industry in which the Company is involved is subject to domestic and global competition. While the Company will undertake all reasonable due diligence in its business decisions and operations, the Company will have no influence or control over the activities or actions of its competitors, and such activities or actions may, positively or negatively, affect the operating and financial performance of the Company's projects and business.

(d) **Economy**

The future viability of the Company is also dependent on a number of factors which may affect the performance of all industries and not just the exploration and mining industries including, but not limited to, the following:

- general economic conditions;
- changes in government policies, taxation and other laws;
- the strength of the equity and share markets in Australia and throughout the world and, in particular, investment sentiment towards the commodities sector;
- movement in, or outlook on, exchange rates, interest rates and inflation rates; and
- natural disasters, social upheaval or war.

(e) **Taxation**

In addition to the Company being at risk of adverse taxation events and reforms in taxation laws (and other laws) the acquisition and disposal of Shares will have tax consequences, which will differ depending on the individual financial affairs of each investor. All potential investors in the Company are urged to obtain independent financial advice about the consequences of acquiring Shares from a taxation viewpoint and generally.

To the maximum extent permitted by law, the Company, its officers and each of their respective advisors accept no liability or responsibility with respect to the taxation consequences of subscribing for Shares under this Prospectus.

(f) **Litigation risks**

The Company is exposed to possible litigation risks including, without limitation, native title claims, tenure disputes, environmental claims, occupational health and safety claims and employee claims. Further, the Company may be involved in disputes with other parties in the future which may result in litigation. Any such claim or dispute if proven, may impact adversely on the Company's operations, financial performance and financial position. The Company is not currently engaged in any litigation.

(g) **Reliance on key personnel**

The responsibility of overseeing the day-to-day operations and the strategic management of the Company depends substantially on its management and its Directors. There can be no assurance given that there will be no detrimental impact on the Company if one or more of those individuals cease to be appointed to the Company.

(h) **Insurance risks**

The Company intends to insure its operations in accordance with industry practice. However, in certain circumstances, the Company's insurance may not be of a nature or level to provide adequate insurance cover. The occurrence of an event that is not covered or fully covered by insurance could have a material adverse effect on the business, financial condition and results of the Company.

Insurance against all risks faced by the Company is not always available and where available the costs can be prohibitive.

(i) **Speculative investment**

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance and financial position of the Company and the value of the Shares offered under this Prospectus.

The Shares proposed to be issued pursuant to this Prospectus should be considered speculative due to the nature of the Company's business. Therefore, the Shares to be issued pursuant to this Prospectus carry no guarantee with respect to the payment of dividends, returns of capital or market value.

The prices at which an investor may be able to trade the Shares, if at all, may be above or below the price paid by the investor for the Shares.

Potential investors must make their own assessment of the likely risks and determine whether an investment in the Company is appropriate to their own circumstances.

Potential investors should also consider that the investment in the Company is speculative and should consult their professional advisers before deciding whether to apply for Shares pursuant to this Prospectus.

10. **ADDITIONAL INFORMATION**

10.1 **Continuous disclosure obligations**

The Company is a disclosing entity for the purpose of the Corporations Act. As such, it is subject to regular reporting and disclosure obligations.

The Company believes that it has complied with the general and specific disclosure requirements of the Corporations Act and Listing Rules, which require the Company to notify the ASX of information about specific events or matters as they arise, for the purpose of the ASX making that information available to the market conducted by the ASX.

This Prospectus is issued under section 713 of the Corporations Act. This section enables disclosing entities to issue a prospectus in relation to securities in a class which has been continuously quoted by the ASX at all times during the 3 months before the date of the Prospectus. Apart from prescribed matters, this Prospectus need only contain information relating to the Terms of the Offer, the effect of the Entitlement Offer on the Company and the rights and liabilities attaching to the New Shares. Accordingly, this Prospectus does not contain the same level of disclosure as an initial public offer prospectus.

Copies of documents lodged with ASIC in relation to the Company may be obtained from, or inspected at, an office of ASIC. The announcements are also available through the Company's website <http://www.chapmanslimited.com/>.

The Company will make available a copy of each of the following documents, free of charge, to any person who asks for it during the Offer period:

- (a) The annual financial report for the year ended 31 December 2017 (being the annual financial report most recently lodged with ASIC in relation to the Company before the issue of this Prospectus), a copy of which is available at the Company's website <http://www.chapmanslimited.com/>; and
- (b) Any continuous disclosure notices given by the Company after the lodgement with ASIC of the annual financial report referred to at 10.1(a) and before the lodgement with ASIC of a copy of this Prospectus. These include the following announcements:

Date	Description of Announcement
27/11/2018	Strategic Fintech Investment in Tapp Group Ltd
19/11/2018	Company Secretary Appointment/Resignation
16/11/2018	Final Director's Interest Notices
15/11/2018	Director Resignations
31/10/2018	Quarterly Cashflow Report
31/10/2018	Chapmans re-weights investment in GPU One
29/10/2018	Update - Consolidation/Split - CHP
29/10/2018	Results of Meeting

24/10/2018	Syn Dynamics Update
18/10/2018	Consolidation/Split - CHP
18/10/2018	MJ Life Sciences Update
27/09/2018	Notice of General Meeting/Proxy Form
26/09/2018	Dedicated Shareholder Service Line Established
24/09/2018	Initial Director's Interest Notices
24/09/2018	Company Update
20/09/2018	Director Appointments
7/09/2018	20Four Media Holdings - Update
31/08/2018	Half Year Accounts
29/08/2018	Placement
29/08/2018	Appendix 3B
23/08/2018	Appendix 3B
15/08/2018	Securrency Update
15/08/2018	Placement
2/08/2018	Details of Company Address - change of address
31/07/2018	Appendix 4C - quarterly
17/07/2018	Disclosure Document - Cleansing Prospectus
17/07/2018	Appendix 3B
16/07/2018	Response to ASX Appendix 3X Query
12/07/2018	Chapmans successfully raises \$830,000
11/07/2018	Initial Director's Interest Notice
10/07/2018	Trading Halt
3/07/2018	Chapmans Appoints Non Executive Director
29/06/2018	Appendix 3B replacing Appendix 3B lodged 20 June 2018
20/06/2018	Appendix 3B
14/06/2018	Disclosure Document - Prospectus
6/06/2018	Ceasing to be a substantial holder
5/06/2018	Disclosure Document - Cleansing Prospectus
5/06/2018	Appendix 3B
4/06/2018	Securrency Update
31/05/2018	Results of Meeting
25/05/2018	Ceasing to be a substantial holder for RFN
22/05/2018	Amended Appendix 4C
22/05/2018	Change in substantial holding for RFN

18/05/2018	Final Director's Interest Notice
16/05/2018	Change of Auditor
11/05/2018	Change of Company Secretary and Director Resignation
9/05/2018	GPU.One Update
1/05/2018	Notice of Annual General Meeting/Proxy Form
1/05/2018	Quarterly Activities Report and Appendix 4C
26/04/2018	CHP Completes \$2.55M Investment in GPU.One
16/04/2018	Reinstatement to Quotation
16/04/2018	Prospectus
16/04/2018	Appendix 3B
16/04/2018	CHP Secures Amended GPU.One Term Sheet & Capital Raise
12/04/2018	Response to ASX Query Letter
10/04/2018	Amendment to GPU.One Presentation
5/04/2018	Securrency Investment Update
3/04/2018	Appendix 4G
3/04/2018	Corporate Governance Statement
3/04/2018	Annual Report to Shareholders

This Prospectus contains details specific to the Entitlement Offer. If Shareholders require any further information in relation to the Company, those Shareholders should take advantage of the ability to inspect or obtain copies of the documents referred to above.

10.2 Existing Options

As at the date of this Prospectus, the Company has on issue the Options.

10.3 Market price of shares

The Company is a disclosing entity for the purposes of the Corporations Act and its Shares are enhanced disclosure securities quoted on the ASX.

The highest, lowest and last market sale prices of the Shares on the ASX during the three months immediately preceding the date of lodgement of this Prospectus with the ASIC and the respective dates of those sales were:

Highest	0.020	30 August 2018
Lowest	0.005	14 November 2018
Last	0.006	27 November 2018

10.4 Interests of Directors

Other than as set out in this Prospectus, no Director or proposed Director holds, or has held within the 2 years preceding lodgement of this Prospectus with the ASIC, any interest in:

- (a) the formation or promotion of the Company;
- (b) any property acquired or proposed to be acquired by the Company in connection with:
 - (i) its formation or promotion; or
 - (ii) the Offer; or
- (c) the Offer,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to a Director or proposed Director:

- (d) as an inducement to become, or to qualify as, a Director; or
- (e) for services provided in connection with:
 - (i) the formation or promotion of the Company; or
 - (ii) the Offer.

(a) Directors' Relevant Interests in securities

As at the date of this Prospectus, the Directors have the following Relevant Interests in Shares (but this does not take into account any New Shares the Directors may acquire under the Offer which they may participate in to the extent of their Entitlement):

Director	Number
Peter Dykes	7,286,251
Dato' Muhamad Adlan bin Berhan	4,005,000
Adam Monaghan	Nil
Colin Turner	63,605

(b) Remuneration

The Constitution provides that the Directors may be paid for their services as directors a maximum total amount (excluding salaries) determined by the Company in general meeting. Executive Directors are entitled to be remunerated by salary or other employment related benefits in accordance with their employment agreements. The table below sets out the remuneration paid, or due to be paid, to the Directors, inclusive of superannuation (exclusive of GST) for the two financial years prior to the date of this Prospectus and for the current financial year until the date of this Prospectus:

Director	Proposed remuneration to be paid in 2018 financial year	Remuneration paid in 2017 financial year	Remuneration paid in 2016 financial year
Peter Dykes	\$442,333**	\$421,000	\$514,500
Dato' Muhamad Adlan bin Berhan [†]	18,000	-	N/A
Adam Monaghan*	10,000	N/A	N/A
Colin Turner*	10,000	N/A	N/A

* Appointed in 2018

[†] Appointed on 11 August 2017

** Peter Dykes salary is \$250,000 per annum from 1 October 2018.

Directors are entitled to be reimbursed for their reasonable expenses incurred in connection with the affairs of the Company. A Director may also be remunerated as determined by the Directors if that Director performs additional or special duties for the Company. A former director may also receive a retirement benefit of an amount determined by the Directors in recognition of past services, subject to the ASX Listing Rules and the Corporations Act.

(c) **Director Disclosure**

No Director has been the subject of any disciplinary action, criminal conviction, personal bankruptcy or disqualification in Australia or elsewhere in the last 10 years which is relevant or material to the performance of their duties as a Director or which is relevant to an investor's decision as to whether to subscribe for New Shares under the Offer.

Except as set out below, no Director has been an officer of a company that has entered into any form of external administration as a result of insolvency during the time that they were an officer or within a 12-month period after the Director ceased to be an officer.

Peter Dykes was a director of Capital Mining Limited at the time that it entered into external administration on 16 May 2018. A Deed of Company Arrangement (DOCA) was approved by the creditors in September 2018 and the company has been returned to the Directors and recommenced trading.

Peter Dykes was a director of Stirling Wealth Group Limited within 12 months of the time that it entered into external administration 15 May 2018. A Deed of Company Arrangement (DOCA) was approved by the creditors in September 2018 and the company has been returned to the Directors and recommenced trading.

The other Directors, being Dato' Muhamad Adlan bin Berhan, Adam Monaghan and Colin Turner, do not believe that the above matters are

material to or indicative of future performance of Mr Peter Dyke's duties as a Director of the Company or the future performance or prospects of the Company.

(d) **Indemnification and Directors & Officers Insurance**

The Company has agreed to indemnify the current Directors and certain current executives of the Company against all liabilities to another person (other than the Company or a related body corporate) that may arise from their position as Directors or officers of the Company, to the extent permitted by law. The indemnity agreement stipulates that the Company will meet the full amount of any such liabilities, including costs and expenses.

The Company has not otherwise indemnified or agreed to indemnify an officer of the Company or of any related body corporate against a liability incurred by such officer.

10.5 Interests of experts and advisers

Set out below are the benefits that have been or have been agreed to be given to any person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus (together, **Prescribed Persons**).

Except as set out below or elsewhere in this Prospectus, no Prescribed Person holds, or during the last 2 years has held, any interests in:

- (a) the formation or promotion of the Company;
- (b) any property acquired or proposed to be acquired by the Company in connection with the Company's formation or the promotion, or the Offer; or
- (c) the Offer.

In addition, except as set out below or elsewhere in this Prospectus, no benefit of any kind, (whether in cash, Shares or otherwise) have been paid or agreed to be paid to a Prescribed Person in connection with the preparation or distribution of the Prospectus for services rendered by that person in connection with the formation or promotion of the Company, or the Offer.

Thomson Geer has acted as the Australian legal advisers to the Company for the purposes of the Offer. For this work, the Company estimates Thomson Geer will receive fees amounting to approximately \$15,000 excluding GST and disbursements.

10.6 Consents

Each of the parties named in the table below has consented to being named in this Prospectus in the form and context in which it is named and has not withdrawn such consent prior to the lodgement of this Prospectus with the ASX:

Capacity in relation to the Company	Consenting party
Auditor	Nexia Sydney Audit Pty Ltd
Share Registry	Security Transfer Australia Pty Ltd
Legal Advisor	Thomson Geer

Each of the parties referred to in this Section:

- (a) does not make the Offer;
- (b) has not authorised, and has not caused the issue of this Prospectus;
- (c) has not made, or purported to make, any statement in this Prospectus or any statement on which a statement made in this Prospectus is based, except to the extent specified in this Section 10.6; and
- (d) to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any statements in or omissions from this Prospectus.

10.7 Expenses of the Offer

In the event that all Entitlements are accepted, the total expenses of the Offer are estimated to be approximately \$28,515 (excluding GST) and are expected to be applied towards the items set out in the table below:

	\$
ASIC fees	3,206
ASX fees	4,589.32
Legal fees	15,000
Printing and distribution	2,515
Miscellaneous	3,204.68
Total	28,515

10.8 Financial forecasts

The Directors have considered the matters set out in ASIC Regulatory Guide 170 and believe that they do not have a reasonable basis to forecast future earnings on the basis that the operations of the Company are inherently uncertain. Accordingly, any forecast or projection information would contain such a broad range of potential outcomes and possibilities that it is not possible to prepare a reliable best estimate forecast or projection.

10.9 Privacy Act

If you complete an application for Shares, you will be providing personal information to the Company (directly or by the Company's share registry). The Company collects, holds and will use that information to assess your application, service your needs as a holder of equity securities in the Company, facilitate distribution payments and corporate communications to you as a Shareholder and carry out administration.

The information may also be used from time to time and disclosed to persons inspecting the register, bidders for your securities in the context of takeovers, regulatory bodies, including the Australian Taxation Office, authorised securities brokers, print service providers, mail houses and the Company's share registry.

You can access, correct and update the personal information that we hold about you. Please contact the Company or its share registry if you wish to do so at the relevant contact numbers set out in this Prospectus.

Collection, maintenance and disclosure of certain personal information is governed by legislation including the Privacy Act 1988 (Cth) (as amended), the Corporations Act and certain rules such as the ASX Settlement Operating Rules. You should note that if you do not provide the information required on the application for Shares, the Company may not be able to accept or process your application.

10.10 Governing Law

The Offer is governed by the law in force in New South Wales, Australia. By accepting the Offer, each Applicant submits to the non-exclusive jurisdiction of the courts of New South Wales, Australia.

11. DIRECTORS' AUTHORISATION

This Prospectus is issued by the Company and its issue has been authorised by a resolution of the Directors.

In accordance with section 720 of the Corporations Act, each Director has consented to the lodgement of this Prospectus with the ASIC.



**Peter Dykes
Executive Chairman
For and on behalf of
CHAPMANS LIMITED**

12. GLOSSARY

\$ means the lawful currency of the Commonwealth of Australia.

Applicant means a Shareholder who applies for Shares pursuant to the Entitlement Offer or a Shareholder or other party who applies for Shortfall Shares pursuant to the Shortfall Offer.

Application means an application to subscribe for Shares under this Prospectus.

Application Form means an Entitlement and Acceptance Form.

Application Monies means money submitted by Applicants in respect of Applications.

ASIC means the Australian Securities and Investments Commission.

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

ASX Listing Rules means the listing rules of the ASX.

ASX Settlement Operating Rules means the settlement rules of the securities clearing house which operates CHES.

Board means the board of Directors unless the context indicates otherwise.

Business Day means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day and any other day that the ASX declares is not a business day.

Closing Date means the date specified in the timetable set out at the commencement of this Prospectus (unless extended).

Company means Chapmans Limited (ACN 000 012 386).

Constitution means the constitution of the Company as at the date of this Prospectus.

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

Directors means the directors of the Company as at the date of this Prospectus.

Eligible Shareholder means a Shareholder of the Company as at the Record Date other than an Ineligible Shareholder.

Entitlement means the entitlement of a Shareholder who is eligible to participate in the Offer.

Entitlement and Acceptance Form means the entitlement and acceptance form either attached to or accompanying this Prospectus.

Entitlement Offer means the non-renounceable entitlement issue the subject of this Prospectus.

Ineligible Shareholder means a Shareholder as at the Record Date whose registered address is not situated in Australia or New Zealand.

New Share means a Share offered under this Prospectus.

Offer means the offer of New Shares under this Prospectus (including the Entitlement Offer and Shortfall Offer), subject to the terms and conditions set out in this Prospectus, including any modifications made by the Company.

Offer Price means the subscription price per New Share under the Offer (ie, \$0.005 per New Share).

Official Quotation means official quotation on the ASX.

Option means a listed option to acquire a Share each with an exercise price of \$0.015 and expiry date of 30 November 2021

Prospectus means this prospectus.

Record Date means the date specified in the timetable set out at the commencement of this Prospectus.

Register means The Company's register of members or optionholders, as the context requires.

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

Shareholder means a holder of a Share.

Share Registry means Security Transfer Australia Pty Ltd.

Shortfall means the Entitlements not validly applied for under the Entitlement Offer (if any).

Shortfall Application Form means the shortfall application form either attached to or accompanying this Prospectus.

Shortfall Offer means the offer of the Shortfall on the terms and conditions set out in Section 6.4 of this Prospectus.

Shortfall Shares means those New Shares comprising the Shortfall.