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**CHAPMANS LTD**

**ABN 34 000 012 386**

**NOTICE OF GENERAL MEETING AND EXPLANATORY  
STATEMENT**

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**TIME:** 10.00am EST

|               |   |
|---------------|---|
| <b>DATE:</b>  | Friday, 28 July 2017  |
| <b>PLACE:</b> | Thomson Geer<br>Level 25, 1 O'Connell Street<br>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 (08) 9481 0389.*

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## TIME AND PLACE OF MEETING AND HOW TO VOTE

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### VENUE

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The General Meeting of the Shareholders of Chapmans Ltd which this Notice of Meeting relates to will be held at 10.00am EST on Friday, 28 July 2017 at Thomson Geer, Level 25, 1 O'Connell Street, Sydney NSW 2000.

### YOUR VOTE IS IMPORTANT

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

### VOTING IN PERSON

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

### VOTING BY PROXY

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

- (a) send the Proxy Form by post to Chapmans Ltd, GPO Box 2517, Perth WA 6831;
- (b) send the Proxy Form by e-mail to [admin@miningcorporate.com.au](mailto:admin@miningcorporate.com.au); or
- (c) send the Proxy Form by facsimile to the Company on facsimile number (08) 9463 6103,

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.

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## NOTICE OF GENERAL MEETING

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Notice is given that the General Meeting of Shareholders of Chapmans Ltd will be held at Thomson Geer, Level 25, 1 O'Connell Street, Sydney NSW 2000 at 10.00am EST on Friday, 28 July 2017.

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 (EST) on Wednesday, 26 July 2017.

Terms and abbreviations used in this Notice of Meeting and Explanatory Statement are defined in the Glossary.

## AGENDA

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### Resolution 1 – Placement of Shares

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

*"That, for the purposes of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue up to that number of Shares which, when multiplied by the issue price, will raise up to \$2,000,000 on the terms and conditions set out in the Explanatory Statement."*

**Voting Exclusion:** The Company will disregard any votes cast on this Resolution by any person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the Resolution is passed and any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

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### Resolution 2 – Ratification of Prior Issue of Shares

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

*"That for the purpose of ASX Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of 45,000,000 Shares on the terms and conditions set out in the Explanatory Statement."*

**Voting Exclusion:** The Company will disregard any votes cast on this Resolution by a person who participated in the issue and any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

**DATED: 28 JUNE 2017**

**BY ORDER OF THE BOARD**

**ELIZABETH HUNT  
COMPANY SECRETARY  
CHAPMANS LTD**

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## EXPLANATORY STATEMENT

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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 EST on Friday, 28 July 2017.

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 Resolutions in the Notice of Meeting (of which this Explanatory Statement forms a part).

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### 1. RESOLUTION 1 – PLACEMENT OF SHARES

#### 1.1 General

Resolution 1 seeks Shareholder approval for the issue of that number of Shares which, when multiplied by the issued price, will raise up to \$2,000,000 (**Placement**).

ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue more equity securities during any 12 month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period.

The effect of Resolution 1 will be to allow the Company to issue the Shares pursuant to the Placement during the period of 3 months after the Meeting (or a longer period, if allowed by ASX), without using the Company's 15% placement capacity.

#### 1.2 Technical information required by ASX Listing Rule 7.1

Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided in relation to the Placement:

- (i) the maximum number of Shares to be issued is up to that number of Shares which, when multiplied by the issue price, equals \$2,000,000;
- (ii) the Shares will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that issue of the Shares will occur progressively;
- (iii) the issue price will be not less than 80% of the average market price for Shares calculated over the 5 days on which sales in the Shares were recorded before the date on which the issue is made or, if there is a prospectus, over the last 5 days on which sales in the securities were recorded before the date the prospectus is signed, in accordance with listing rule 7.3.3;
- (iv) the persons to whom, the Shares will be issued are not, as yet, identifiable, but will be subscribers to be identified by the Company and any brokers appointed by the Company to manage the Placement. The persons will not be related parties of the Company;
- (v) the Shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares; and
- (vi) the Company intends to use the funds raised from the Placement for investment capital.

### 1.3 Voting Dilution

Any issue of Shares under the Placement will dilute the interests of Shareholders who do not receive any Shares under the Placement.

The volume weighted average price (**VWAP**) for Shares on the 5 days on which sales in Shares were recorded before 13 June 2017 was \$0.02 (2.0 cents). The lowest issue price (i.e. maximum discount) of not less than 80% of this volume weighted average price would be \$0.016 (1.6 cents) per Share.

Accordingly, set out below is a worked example of the number of Shares that may be issued under Resolution 1 based on an assumed issue price of \$0.02 (being the Share price as at 13 June 2017), and \$0.016 and \$0.018 (being 80% and 90% of the VWAP for Shares on the 5 days on which sales in Shares were recorded before 13 June 2017, respectively).

| Assumed issue price | Maximum number of Shares which the Company could issue (rounded up to the nearest whole number) pursuant to Resolution 1 | Current Shares on issue as at the date of this Notice | Increased number of Shares on issue assuming the Company issued the maximum amount pursuant to Resolution 1 | Dilution effect on existing Shareholders |
|---------------------|--|---|---|--|
| 0.020               | 125,000,000  | 300,000,057   | 425,000,057   | 41.67%                                   |
| 0.018               | 138,888,888  | 300,000,057   | 438,888,945   | 46.30%                                   |
| 0.016               | 156,250,000  | 300,000,057   | 456,250,057   | 52.08%                                   |

**The table above uses the following assumptions:**

- The total number of Shares on issue are 300,000,057.
- The Company issues the maximum possible number of Shares under the Placement.
- Figures have been rounded up to the nearest whole number.
- The calculations above do not show the dilution that any one particular Shareholder will be subject to. All Shareholders should consider the dilution caused to their own shareholding depending on their specific circumstances.

Assuming no other Shares are issued and the maximum number of Shares as set out in the worked example above are issued, the number of Shares on issue would increase from 300,000,057 (being the number of Shares on issue as at the date of this Notice) to 456,250,057 and the shareholding of existing Shareholders would be diluted by 52.08%.

**The Company notes that the above workings are examples only and the actual issue price may differ. This will result in the maximum number of Shares to be issued and the dilution percentage to also differ.**

### 1.4 Directors' Recommendation

None of the Directors have a material personal interest in the subject matter of Resolution 1. The Board recommends that Shareholders vote in favour of Resolution 1 as it will enable the Company to fund its ongoing operations and commitments.

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## **2. RESOLUTION 2 - RATIFICATION OF PRIOR ISSUE OF SHARES**

As announced on 14 June 2017, the Company has 45,000,000 Shares pursuant to a placement to private investors, at an issue price of \$0.02 per Shares.

These 45,000,000 Shares were issued pursuant to the Company's capacity under ASX Listing Rule 7.1.

This Resolution seeks Shareholder ratification pursuant to ASX Listing Rule 7.4 for the issue of those Shares (**Ratification**).

### **2.1 ASX Listing Rule 7.1 and 7.4**

ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue more equity securities during any 12 month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period.

ASX Listing Rule 7.4 sets out an exception to ASX Listing Rule 7.1. It provides that where a company in general meeting ratifies the previous issue of securities made pursuant to ASX Listing Rule 7.1 (and provided that the previous issue did not breach ASX Listing Rule 7.1) those securities will be deemed to have been made with shareholder approval for the purpose of ASX Listing Rule 7.1.

### **2.2 Technical information required by ASX Listing Rule 7.4**

Pursuant to and in accordance with ASX Listing Rule 7.5, the following information is provided in relation to the Ratification:

- (a) 45,000,000 Shares were issued pursuant to ASX Listing Rule 7.1;
- (b) the issue price was \$0.02 per Share pursuant to ASX Listing Rule 7.1;
- (c) the Shares were issued to the private investors, none of which are related parties of the Company;
- (d) the Shares issued were all fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (e) the Shares issued were for a total value of \$900,000; and
- (f) funds raising will be used for future investments and working capital.

### **2.3 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 as it will enable the Company to refresh the placement capacity under ASX Listing Rule 7.1.

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## GLOSSARY

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**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.

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

**Chair** means the chair of the Meeting.

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

**Constitution** means the constitution of the Company.

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

**Directors** means the current directors of the Company.

**EST** means Australian Eastern Standard Time, as observed in Sydney, New South Wales.

**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.

**Proxy Form** means the proxy form accompanying the Notice.

**Resolutions** means the resolutions set out in the Notice, or any one of them, as the context requires.

**Security** means a security in the capital of the Company.

**Security Holder** means the holder of a Security.

**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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## APPOINTMENT OF PROXY FORM

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**CHAPMANS LTD**  
**ABN 34 000 012 386**

### GENERAL MEETING

I /We

of:

being a Shareholder of Chapmans Ltd entitled to attend and vote at the General Meeting, hereby appoint:

Name:

or failing the person so named or, if no person is named, the Chair, or the Chair's nominee, to vote in accordance with the following directions, or, if no directions have been given, and subject to the relevant laws as the proxy sees fit at the General Meeting to be held at Thomson Geer, Level 25, 1 O'Connell Street, Sydney NSW 2000 at 10.00am EST on Friday, 28 July 2017 and at any adjournment thereof.

### CHAIR'S VOTING INTENTION IN RELATION TO UNDIRECTED PROXIES

**The Chair intends to vote undirected proxies in favour of all Resolutions. In exceptional circumstances the Chair may change his/her voting intention on any Resolution. In the event this occurs an ASX announcement will be made immediately disclosing the reasons for the change.**

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#### Voting on Business of the General Meeting

|              |                                       | FOR                      | AGAINST                  | ABSTAIN                  |
|--------------|---------------------------------------|--------------------------|--------------------------|--------------------------|
| Resolution 1 | Placement - Shares                    | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Resolution 2 | Ratification of Prior Issue of Shares | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

**Please note:** If you mark the abstain box for a particular Resolution, you are directing your proxy not to vote on that Resolution on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

If two proxies are being appointed, the proportion of voting rights this proxy represents is: \_\_\_\_\_ %

#### Signature of Shareholder(s):

##### Individual or Shareholder 1

Sole Director/Company Secretary

##### Shareholder 2

Director

##### Shareholder 3

Director/Company Secretary

Date:

Contact name:

Contact ph (daytime):

E-mail address:

Consent for contact by e-mail  
in relation to this Proxy Form:

YES ☐ NO ☐

**CHAPMANS LTD**  
**ABN 34 000 012 386**

**Instructions for Completing "Appointment of Proxy" Form**

1. **(Appointing a proxy):** A Shareholder entitled to attend and cast a vote at the Meeting is entitled to appoint a proxy to attend and vote on their behalf at the Meeting. If a Shareholder is entitled to cast 2 or more votes at the Meeting, the Shareholder may appoint a second proxy to attend and vote on their behalf at the Meeting. However, where both proxies attend the Meeting, voting may only be exercised on a poll. The appointment of a second proxy must be done on a separate copy of the Proxy Form. A Shareholder who appoints 2 proxies may specify the proportion or number of votes each proxy is appointed to exercise. If a Shareholder appoints 2 proxies and the appointments do not specify the proportion or number of the Shareholder's votes each proxy is appointed to exercise, each proxy may exercise one-half of the votes. Any fractions of votes resulting from the application of these principles will be disregarded. A duly appointed proxy need not be a Shareholder.
2. **(Direction to vote):** A Shareholder may direct a proxy how to vote by marking one of the boxes opposite each item of business. The direction may specify the proportion or number of votes that the proxy may exercise by writing the percentage or number of Shares next to the box marked for the relevant item of business. Where a box is not marked the proxy may vote as they choose subject to the relevant laws. Where more than one box is marked on an item the vote will be invalid on that item.
3. **(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 should sign.
  - **(Power of attorney):** If you have not already provided the power of attorney with the registry, please attach a certified photocopy of the power of attorney to this Proxy Form when you return it.
  - **(Companies):** Where the company has a sole director who is also the sole company secretary, that person must sign. Where the company (pursuant to Section 204A of the Corporations Act) does not have a company secretary, a sole director can also sign alone. Otherwise, a director jointly with either another director or a company secretary must sign. Please sign in the appropriate place to indicate the office held. In addition, if a representative of a company is appointed pursuant to Section 250D of the Corporations Act to attend the Meeting, the documentation evidencing such appointment should be produced prior to admission to the Meeting. A form of a certificate evidencing the appointment may be obtained from the Company.
4. **(Attending the Meeting):** Completion of a Proxy Form will not prevent individual Shareholders from attending the Meeting in person if they wish. Where a Shareholder completes and lodges a valid Proxy Form and attends the Meeting in person, then the proxy's authority to speak and vote for that Shareholder is suspended while the Shareholder is present at the Meeting.
5. **(Return of Proxy Form):** To vote by proxy, please complete and sign the enclosed Proxy Form and return by:
  - (a) send the Proxy Form by post to Chapmans Ltd, GPO Box 2517, PERTH WA 6831;
  - (b) send the Proxy Form by e-mail to [admin@miningcorporate.com.au](mailto:admin@miningcorporate.com.au); or
  - (c) send the Proxy Form by facsimile to the Company on facsimile number (08) 9463 6103,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.**