

ASX Release | Chapmans Limited (ASX:CHP)**Chapmans Raises Capital and Boosts Blockchain Exposure in March Quarter****HIGHLIGHTS**

- The Company successfully raised \$4.927m in capital for investments and working capital
- The Company invested a further \$2,223,968 across five new and existing investee companies plus a further \$2.55m in GPU.One, a Canada-based data processing and cryptocurrency mining company.
- The Company's net cash from operations for the quarter was reduced to \$245k after deducting research and development costs of \$164k applied to the Company's 80% owned and consolidated investment entity Syn Dynamics Australia Pty Ltd ("SDA"). These funds represent additional capital invested in SDA and are recorded as Chapmans R&D for accounting purposes only
- The Company increased its expertise and investment exposure to capitalise on the fast growth opportunities in the global blockchain industry with the additional appointment of Alex Taylor to its Strategic Blockchain Advisory Board and investments in compliance based finance and securities trading platform business Securrency and GPU.One

30 April 2018: Diversified investment company Chapmans Limited (ASX:CHP) ("Chapmans" or "the Company") is pleased to update the market on its investment portfolio.

Chapmans currently has strategic investments in GPU.One, Securrency Inc. ("Securrency"), REFFIND Ltd. (ASX:RFN) ("REFFIND"), Rision Ltd. (ASX:RNL) ("Rision"), Syn Dynamics Australia Pty Ltd., ("SDA"), 20FOUR Media Holdings Pty Ltd. ("20FOUR"), and MJ Life Sciences Pty Ltd. ("MJLS").

During the quarter, Chapmans successfully completed the following capital raisings:-

- (i) \$375,000 raised via the issue of 25 million shares issued at \$0.015 per share as set out in the Company's Appendix 3B announced on 13 February this year; and
- (ii) A capital raise of \$4.552 million consisting of:
 - A raising of \$1.59 million via the issue of 198,750,000 shares issued at \$0.008 under Chapmans' 15% placement capacity; and
 - A raising of \$2.962 million. This raising is structured as simple unsecured loans with each loan having an interest rate of 8% p.a. and repayment date of 30 June 2018. It is intended that, subject to shareholder approval at the Company's Annual General Meeting, these loans will be converted to equity on the same terms as the shares issued pursuant to the previous \$1.59 million equity raising.

GPU.One

During the quarter, Chapmans carried out extensive due diligence on GPU.One, an established and profitable data processing and cryptocurrency mining company based in Canada.

Post the quarter, Chapmans announced that it had invested CAD\$2.55m (A\$2.5m) in GPU.One for a 19.99% equity holding [ASX Announcement 26 April]. GPU.One will use the capital to purchase two data processing sites and accelerate its growth plan.

Securrency

During the quarter, Chapmans announced that it completed all due diligence and held the contractual rights to invest up to US\$4 million in Securrency, a unique exchange platform on which assets may be tokenised and traded by institutional and retail investors. On 12 March this year Chapmans made an initial investment of US\$1 million, with the remaining investment rights consisting of three independent tranches of US\$1 million on or before 31 March, 30 April and 31 May.

Chapmans has since announced that it will not proceed with the second US\$1 million tranche based on Securrency's execution plans to list on the TSX Ventures Exchange (TSX) not proceeding to Chapman's satisfaction.

The Company wishes to confirm that it will not proceed with the third US\$1m tranche based on competing capital requirements with GPU.One and other existing and new investment opportunities.

Notwithstanding the Company's decision to not proceed with the second and third US\$1m tranches, Chapmans retains its rights to invest a further US\$1m in Securrency on or before 31 May, 2018.

Further, Chapmans confirms that the decision not to proceed with the second and third US\$1m tranches will not affect the strategic channel partnership agreement referred to in the Company's ASX Announcement of 12 March 2018. Chapmans advises that it is still working with Securrency to finalise the terms of this arrangement and will update the market in due course once these terms have been finalised

REFFIND

Chapmans invested A\$1m for a 9.33% holding in leading enterprise and loyalty Software-as-a-Service (SaaS) company REFFIND late last year [ASX Announcement: December 19, 2017].

During the quarter, REFFIND announced that it had completed its investment in leading US-based blockchain loyalty and rewards company Loyyal Corporation ("Loyyal") [ASX Announcement: January 29, 2018]. REFFIND invested the maximum level of US\$2.3 million through the subscription of US\$1.5 million in stock and US\$800,000 of 2-year convertible notes. Conversion of the notes would give REFFIND a total fully-diluted equity holding of 14.71% in Loyyal.

REFFIND has recently upgraded and released its core WooBoard product offering, a cloud-based employee rewards and recognition platform. The upgrade has improved WooBoard's performance and user experience. REFFIND is also conducting a strategic review of its operations and actively developing blockchain and loyalty opportunities that leverage its investment in Loyyal.

Chapmans increased its exposure to REFFIND by \$55,718 on 5 February via on-market purchases.

Rision

Chapmans has invested \$493,200 in ASX listed SaaS company Rision split as \$300,000 through the issue of 80 million shares issued at \$0.00375 and a short term loan of \$193,200 which is to be converted to 64.4 million shares issued at \$0.003 following a General Meeting of shareholders of Rision on 13 April this year.

SDA

Chapmans currently has an 80% direct holding in SDA, a cleantech company that has developed a breakthrough plasma gasification technology.

During the quarter the Chapmans invested a further \$171,594 as unsecured loan funds to SDA for research and development, costs associated with the design and fabrication of the Company's first pilot plant and working capital.

20FOUR

Chapmans currently has a strategic 39.55% direct equity interest in 20FOUR, a sports-focused digital media business realising the hitherto untapped opportunity of leveraging the popularity of sports stars to produce marketing and social content.

During the quarter, Chapmans announced that 20FOUR has appointed Australian media sales agency WeThinkMedia (WTM) as exclusive advertising and media industry representative. WTM offers expert and personalized services to Australian and international media platforms and has extensive relationships in the media buying community.

WTM was founded by Peter Wiltshire, a highly experienced media executive and former Chief Review Officer/ Group Sales & Marketing Director at Nine Entertainment Co. (ASX:NEX) ("Nine"). During his tenure at Nine, Mr Wiltshire was responsible for annualised revenues across its media assets reaching A\$1.6 billion.

During the quarter Chapmans invested a further \$230,000 in 20FOUR on an unsecured loan basis.

Chapmans is in the process of assisting with the raising of pre-ASX listing capital and is in negotiations with suitable entities that 20FOUR can use for an RTO listing on the ASX.

MJLS

Chapmans currently has a 50% equity holding in MJLS, an Australian special-purpose company established with the aim of becoming a leading global medical cannabis holding and investment company.

MJLS is a direct investor in Caziwell Inc. ("Caziwell"), owner of the established North American cannabis brand and business Aunt Zelda's. MJLS has convertible note rights of up to 49.99% in Caziwell.

Chapmans did not invest further in MJLS during the quarter.

Chapmans Executive Director Peter Dykes "Throughout the quarter we performed extensive due diligence on GPU.One and we are pleased to have invested in the company post the quarter. We see GPU.One as an excellent complement to our existing portfolio, and an opportunity to further boost our exposure to blockchain technology. Our portfolio has grown from five investments in the December quarter to seven as of today. Chapmans also has a number of compelling opportunities competing for capital and will update the market on these investments in due course."

Ends

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About Chapmans Limited

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

To learn more, please visit: www.chapmansltd.com

Appendix 4C

Quarterly report for entities subject to Listing Rule 4.7B

Introduced 31/03/00 Amended 30/09/01, 24/10/05, 17/12/10, 01/09/16

Name of entity

CHAPMANS LIMITED AND ITS CONSOLIDATED ENTITIES

ABN

34 000 012 386

Quarter ended ("current quarter")

31 March 2018

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	179	179
1.2 Payments for		
(a) research and development	(164)	(164)
(b) product manufacturing and operating costs	-	-
(c) advertising and marketing	-	-
(d) leased assets	-	-
(e) staff costs	(236)	(236)
(f) administration and corporate costs	(188)	(188)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(409)	(409)

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	-	-
(b) businesses (see item 10)	-	-

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Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
(c) investments	(1,658)	(1,658)
(d) intellectual property	-	-
(e) other non-current assets	-	-
2.2 Proceeds from disposal of:		
(a) property, plant and equipment	-	-
(b) businesses (see item 10)	-	-
(c) investments	722	722
(d) intellectual property	-	-
(e) other non-current assets	-	-
2.3 Cash flows from loans to other entities	-	-
2.4 Dividends received (see note 3)	-	-
2.5 Other	-	-
2.6 Net cash from / (used in) investing activities	(936)	(936)

3. Cash flows from financing activities		
3.1 Proceeds from issues of shares	375	375
3.2 Proceeds from issue of convertible notes	-	-
3.3 Proceeds from exercise of share options	-	-
3.4 Transaction costs related to issues of shares, convertible notes or options	(14)	(14)
3.5 Proceeds from borrowings	2,539	2,539
3.6 Repayment of borrowings	(883)	(883)
3.7 Transaction costs related to loans and borrowings	-	-
3.8 Dividends paid	-	-
3.9 Loans to other entities	(402)	(402)
3.10 Net cash from / (used in) financing activities	1,615	1,615

4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of quarter/year to date	41	41
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(409)	(409)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(936)	(936)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	1,615	1,615

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Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of quarter	311	311

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	311	41
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	311	41

6. Payments to directors of the entity and their associates

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

**Current quarter
\$A'000**

236

6.1 includes directors' fees including superannuation, consulting and management fees.

7. Payments to related entities of the entity and their associates

- 7.1 Aggregate amount of payments to these parties included in item 1.2
- 7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

**Current quarter
\$A'000**

-

-

N/A

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8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	-	-
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)	-	-
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

N/A

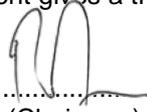
9. Estimated cash outflows for next quarter	\$A'000
9.1 Research and development	(300)
9.2 Product manufacturing and operating costs	-
9.3 Advertising and marketing	-
9.4 Leased assets	-
9.5 Staff costs	(267)
9.6 Administration and corporate costs	(193)
9.7 Investments	(2,000)
9.8 Total estimated cash outflows	(2,760)

10. Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)	Acquisitions	Disposals
10.1 Name of entity	N/A	N/A
10.2 Place of incorporation or registration	N/A	N/A
10.3 Consideration for acquisition or disposal	N/A	N/A
10.4 Total net assets	N/A	N/A
10.5 Nature of business	N/A	N/A

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Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Sign here: 
(Chairman)

Date:30 April 2018.....

Print name: Peter Dykes.

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.

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