



ASX/Media Release
25 September 2017

INVESTMENT UPDATE – MJ LIFE SCIENCES

The Directors of Chapmans Limited (ASX:CHP) (Chapmans, the Company) are pleased to announce that the Company has successfully completed its strategic investment in MJ Life Sciences Pty Ltd (MJLS) referred to in the Company's previous announcements of 23 and 29 August.

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

Prior to Chapmans' investment, MJLS had been founded and owned by three of the leading principals in the rapidly expanding Australian and global medicinal cannabis industries – Harry Karelis, Jason Peterson and Dr Stewart Washer – between them founders and/or directors of Auscann Group Holdings Limited (ASX:AC8), Zelda Therapeutics Limited (ASX:ZLD), CannPal Animal Therapeutics Ltd and specialist cannabis medical clinic operator CliniCann Ltd. Combined they have strong regulatory, technical, operational and transactional experience in the medicinal cannabis sector (see following page for brief bios of Messer's Karelis, Peterson and Washer).

Chapmans views the opportunity to invest directly in MJLS, and have direct exposure to its future investments in the rapidly growing global medicinal cannabis sector, as being strategically advantageous and consistent with its high conviction and capital growth investment philosophy.

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

Under the terms and conditions of the investment;

- Chapmans has invested AUD 631,313 (reflecting the AUD equivalent of USD 500,00 in exchange for a 50% equity holding in MJLS; and
- Chapmans has the right to equal board representation to the existing MJLS shareholders and will control 50% of the board with the existing MJLS shareholders collectively controlling the remaining 50% of the board

The MJLS investment has been funded from the proceeds from the Placement announced by the Company on 22 September and existing capital.

The board of directors of MJLS will be reviewing its investment strategy and focus with a view to securing additional medicinal cannabis opportunities in the near term ahead of a potential ASX listing in 2018.

Peter Dykes (Executive Chairman of Chapmans Limited) says "Chapmans shares common investment principals and goals with MJLS and is delighted to be working with such experienced medicinal cannabis industry experts seeking to capitalise on clear and compelling growth market opportunities. We look forward to working closely with the board of directors of MJLS and building substantial shareholder value in the process".

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Harry Karelis (Executive Chairman of Zelda Therapeutics Limited and Executive Director of Auscann Group Holdings Limited) says *“MJLS welcomes the opportunity to join forces with Chapmans with whom we have clear alignment in investment approach and objectives. We are delighted to have completed this initial investment as scheduled and now look forward to immediately progressing to secure further compelling and unique investment opportunities in the burgeoning medicinal cannabis industry”.*

Mr Harry Karelis

Mr Karelis graduated from The University of Western Australia with Bachelors and Honours in Science majoring in Biochemistry and Microbiology as well as a Masters in Business Administration. He is a Fellow of the Financial Services Institute of Australia, a Fellow of the Australian Institute of Company Directors and has qualified as a Chartered Financial Analyst (CFA) from the CFA Institute in the United States. He has in excess of 25 years diversified experience in the financial services sector including fundamental analysis, funds management and private equity investing and has acted as a Director on several public and private companies in Australia, Singapore and the United Kingdom.

Dr Stewart Washer

Dr Washer has 20 years of CEO and Board experience in medical technology, biotech and agrifood companies. He is currently Chairman of ASX-listed Orthocell Ltd (culturing tendon cells to repair damaged tendons) and a director of Cynata Therapeutics Ltd (developing stem cell therapies) and Chairman of privately-held Minomic International Ltd (accurate non-invasive test for prostate cancer). Stewart has held several past senior executive roles including CEO of Celentis and managed the commercialisation of intellectual property from AgResearch in New Zealand with 650 Scientists and \$130 million in revenues. He was also a founder of a NZ\$120 million New Zealand-based life science fund and Venture Partner with the Swiss based Inventages Nestlé Fund.

Mr Jason Peterson

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

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About Chapmans

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

About COL

Chapmans Opportunities Limited (COL) is a subsidiary of ASX-listed diversified investment company Chapmans Limited (ASX: CHP). It is an investment entity focused on making non-controlling investments in small to medium Australian companies, predominantly providing active expansion capital in the technology sector. COL plans to seek an ASX-listing in due course.

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