

Chapmans Limited

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31 May 2011

CHAIRMAN'S ADDRESS
ANNUAL GENERAL MEETING
- TUESDAY 31 MAY 2011

Ladies and Gentlemen - Shareholders and Visitors - Welcome to the 88th Annual General Meeting of the Company.

INVESTMENTS

The company had another uneventful year. The promising coal projects which were acquired by the 70% subsidiary, Hallmark Minerals N L, did not live up to their promise due to unforeseen delays and uncertainties with the Indonesian coal licences. As a result, the expected income stream has not materialised and the Company is awaiting a report on the current status of this project. At the same time, Chapmans, on behalf of Hallmark Minerals, is continuing to seek participation in other mineral projects in Australia and overseas.

Litigation Funding

As announced today, the Company has agreed to increase its shareholding in the litigation funding company in which it already holds an interest to twenty (20) percent. A promising legal case is currently being considered for funding, and other parties may be invited to participate.

Property Investment - Gladstone, Queensland

Another investment made during the year was in a private property company, which owns land for development in the Gladstone area. This investment was made through a 100% owned subsidiary, since re-named Gladstone Development Pty Ltd. The possibility of acquiring an interest in further land-holdings in that area is being examined.

CONSTITUTION

The proposed new Constitution is again being submitted to shareholders for approval. All shareholders should see the benefits of having an updated Constitution, which would assist when dealing with the ASX and other entities, and especially when seeking acquisition of new investments or projects. As this item is on the Notice of Meeting as a Special Resolution, it requires 75% of the vote to be passed. Directors strongly recommend adoption of the new Constitution.

SHARE CAPITAL

Recently, it was decided that new equity capital was needed and a placement of 13,000,000 shares was made.

Further placements will be sought to be made at the best possible price, as it is clear that for a role of a general investment company, capital is an essential ingredient - hence the resolution on the Notice of Meeting for authority to make share placements.

FUTURE

Various investment submissions submitted to the Company continue to be examined in an effort to find a worthwhile project that could be acquired to provide the Company with a potential revenue stream.

When suitable investments or projects would become available, the group's corporate structure enables it to raise fresh share capital for the acquisition of assets and to invest in a wide range of activities, such as in general and property investments, mineral resources and mining projects or venture capital.

Boris Ganke

Chairman