

Chesapeake Capital Limited (“**Chesapeake**” or the “**Company**”) is a Pooled Development Fund (“**PDF**”) that was restructured and re-energised by a new team in mid-2015 with an initial capital raising so as to reposition itself to become a successful investor. Chesapeake seeks to invest in a concentrated portfolio of well researched, generally listed companies, through the provision of new equity capital under the PDF framework so as to generate returns in excess of the S&P Small Ordinaries Accumulation Index.

As articulated in the restructuring process, the purpose of the initial capital raising was to extinguish accrued liabilities of circa \$0.27m and put the Company back on a sound footing, thereby enabling access to the benefits of the PDF structure, which are:

- Income from Chesapeake’s investments taxed at a rate of 15% rather than 30%;
- No capital gains tax for investors in Chesapeake shares; and
- An ability for Chesapeake shareholders to elect to treat dividends as tax exempt income or assessable income with a 30% franking credit.

At allotment in July 2015 \$2.1m was raised, capitalising Chesapeake at \$2.2m (at 25¢ per share) and resulting in a commencing (after accrued liabilities and issue/reconstruction costs) NTA of \$1.52m (17.0¢ per share). Operating costs have since been kept at a minimum (no Director fees, no premises etc) and as a consequence of investment activities the NTA has risen to \$1.78m (19.9¢ per share) as at late January 2016 following the listing of our second investment. Returns to date have been calculated on the initial Investment Capital available following the resurrection of the Company. The short term objective is to grow the NTA beyond the issue price, to capture the intrinsic “vehicle” value that a compliant PDF status and ASX Listing Rule 1.3.1A(b) affords and then raise additional equity capital.

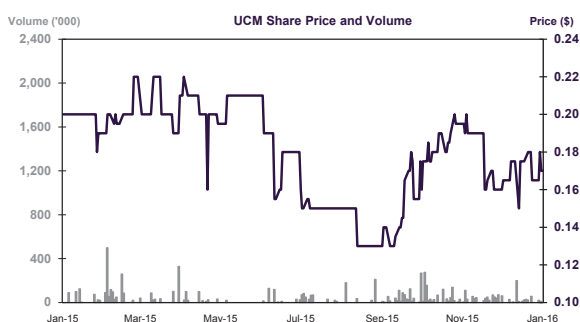
Performance As at 31 December 2015	December Quarter	December Half-Year	Financial Year to Date*
Chesapeake Capital Limited – Investment Capital Available (\$1.5m) **	3.9%	6.3%	17.1%
Small Ordinaries Accumulation Index	11.3%	7.0%	0.3%
All Ordinaries Accumulation Index	6.6%	0.4%	-6.6%

* As at 22 January 2016 ** After accrued liabilities, issue and reconstruction costs



Chesapeake’s initial investment was \$500,000 into a share placement/share purchase plan made by **Uscom Limited (ASX code: UCM)** at an issue price of 15¢ per share in August 2015. Chesapeake subscribed for 3.33m shares and received 1.54m unlisted options. Uscom is a medical device company providing premium, non-invasive technologies to clinicians with proprietary high-quality cardiac, blood pressure and pulmonary monitoring devices targeting global markets.

Uscom is achieving international sales and anticipates a transition to breakeven in FY’16. The company has been releasing good news as it makes progress on executing its business plan. With net cash of \$2.5m DCF valuations of 42¢ per share imply opportunity. Recent share sales of 17.5¢ (high of 20¢) suggests this investment has outperformed target benchmarks to date and some profits have been realised to facilitate the opportunity to make other investments.



Website www.uscom.com.au | Source IRESS as at 22/1/16



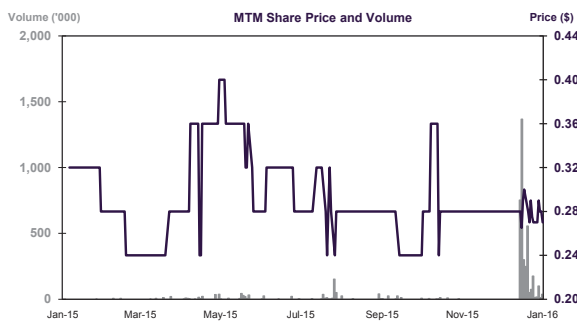


Chesapeake's second investment in late 2015 was \$500,000 into the prospectus share issue for **Mareterram Limited (ASX code MTM)** at an issue price of 20¢ that raised \$18m in a well over-subscribed offer. Mareterram Limited (MTM, formerly Style Limited) operates in the agribusiness sector through two business divisions. The business divisions are Commercial Fishing Division and Food Service Division.

The Commercial Fishing Division ("CFD") holds and operates the Fishing Licences, which include 10 of 18 fishery licenses within the Shark Bay Prawn Management Fishery ("SBPMF") in Shark Bay, Carnarvon, Western Australia, making it the largest single operator in the fishery. It also owns and operates a fleet of 10 fishing Vessels. The SBPMF Licences are issued by the Department of Fisheries and permit trawling within the SBPMF on the issued terms.

The Food Service Division ("FSD") is an importing and trading business which buys product from overseas producers and local manufacturers and sells to customers who are wholesalers, distributors, retailers or end-users in the food service channel. The FSD offers a range of imported seafood products including prawns, fish fillets, lobsters, scallops and a range of value added seafood products.

Mareterram listed in early January forecasting profitability on FY'2016 revenues of \$46m. The shares have traded well above our 20¢ purchase price and up to a high of 35¢ (last 27¢). This investment is outperforming target benchmarks to date.



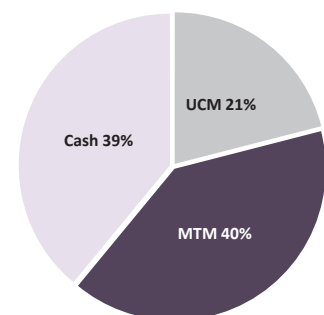
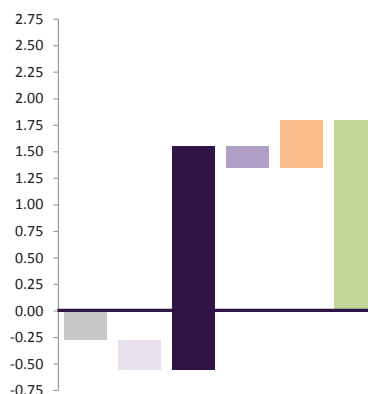
Website www.mareterram.com.au | Source IRESS as at 22/1/16



Chesapeake continues to investigate and interrogate new opportunities with 4 new investments under active consideration. Two are IPO's, one is an RTO and the fourth and most advanced opportunity is a pre-IPO investment in a particularly exciting marine technology company. To make 2 investments of \$500,000 each would necessitate increasing the current cash position.

At the time of this communication the tables below appropriately reflect Chesapeake's evolution since July 2015 and the make-up of its asset base as at late January:

	\$'m
Accrued Liabilities	-0.27
Issue Costs	-0.28
New Issue	2.10
Operating Costs	0.06
Investment Gains	0.29
Net Tangible Assets	1.78
Shares on Issue:	8.92m
June 2018 Options on Issue:	9.52m
Number of Shareholders:	519



The December half financial results will be posted on the Company's website in February and to the extent there are any questions that shareholders might have we would be pleased to address them.

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