

Chesapeake Capital Limited (“Chesapeake” or the “Company”) is a Pooled Development Fund (“PDF”) that was restructured and re-energised by an experienced 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 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.

Performance As at 30 June 2016	March '16 Quarter	June '16 Quarter	Financial Year to Date	Since Inception
Chesapeake Capital Limited – Investment Capital Available (\$1.5m)*	22.4%	11.7%	45.7%	45.7%
Small Ordinaries Accumulation Index	1.0%	5.8%	14.4%	14.4%
All Ordinaries Accumulation Index	-2.3%	4.0%	2.0%	2.0%

\* After accrued liabilities, issue and reconstruction costs as disclosed, the “costs”.

Chesapeake in its first formative year returned +45.7% on its available Investment Capital. In total 4 investments were made and a 5<sup>th</sup> committed to. During the year sales/profits have had to be realised to facilitate new investments. These sales were a reluctant function of necessity as opposed to having changed our view on the investments made as we endeavoured to both diversify the investment portfolio and create investment momentum.

The Board is particularly pleased with the progress made over the first 12 months, which was a difficult year for markets generally. The “costs” of circa \$0.56m whilst unfortunately necessary have nonetheless facilitated the successful re-emergence of Chesapeake as a viable PDF making the utility of its special tax status available for shareholders. The Directors believe that the “intangible” value of the compliant PDF status exceeds these “costs” and look forward to the next 12 months with considerable enthusiasm.

### New Investments



**Regalpoint Resources Ltd (ASX code: RGU)** Chesapeake emerged with a 9.9% shareholding in Regalpoint as a function of a sub-underwriting position articulated in our last quarterly report. Regalpoint has an excellent Board, shareholders of consequence and is seeking to position itself as a specialist investment and asset manager, with a focus on energy/utility infrastructure and asset management services. Chesapeake owns 26.8m shares and 13.4m options.



**DroneShield Limited (ASX code: DRO)** Chesapeake subscribed \$500,000 into the prospectus IPO of DroneShield at an issue price of 20¢ with a 1 for 1 attaching option that raised \$7m in a well over-subscribed offer. DroneShield brings together world class expertise in engineering physics, defence, intelligence and aerospace to design, manufacture and sell drone detection systems that use highly specialised and cost-effective technology to achieve levels of detection that are not possible with other methods or at a comparable cost. The holding was reduced to fit and DroneShield listed successfully on the ASX in June with the share/option package trading well above issue price.



**GRD-Franmarine Holdings Limited (unlisted)** is a Western Australian based public unlisted company which owns all licenses and patents associated with a revolutionary new fully enclosed capture and containment hull cleaning technology called the “Envirocart”. The Envirocart is the only in-water hull cleaning technology on the global market that is capable of meeting the current water discharge quality guidelines and the new Australian Department of Agriculture, Fisheries and Forestry (“DAFF”) In-water Hull Cleaning guidelines. The Envirocart enables the complete in-water removal, capture and containment of marine biofouling from a vessel’s hull without damaging the antifouling paint or polluting the surrounding marine environment. GRD-Franmarine raised \$2.1m at 28¢ per share in a pre-IPO equity raising capitalising the company at \$13.3m. Chesapeake will subscribe \$500,000 in July. Chesapeake Director Ian MacIver has joined the Board of GRD –Franmarine along with former Federal Environment Minister Ian Campbell and the company intends to list on the ASX by Christmas.

## Existing Investments



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. 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 has been delivering positive developments with increasing 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. This position has been reduced into share price strength.

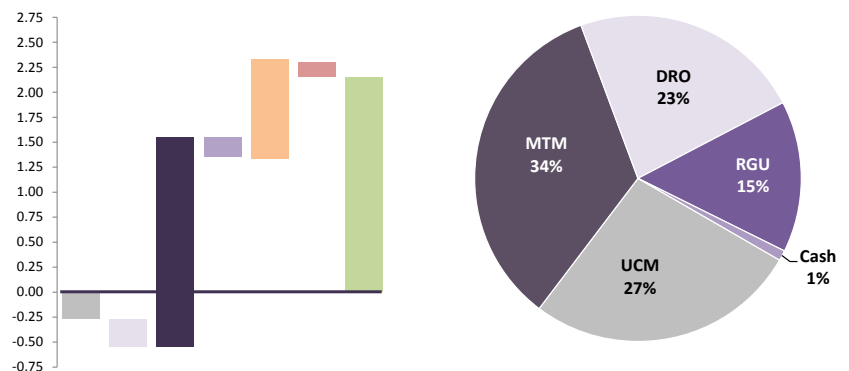


Chesapeake's second investment in late 2015 was \$500,000 into the prospectus share issue for **Mareterram Limited (ASX code: MTM)** at an issue price of 20¢ that raised \$18m in a well over-subscribed offer. Mareterram Limited operates in the agribusiness sector through two business divisions. The business divisions are Commercial Fishing Division and Food Service Division. Mareterram listed in early January. On 8 April a proportional cash takeover offer for 1 out of every 2 shares held at 35¢ was received. The offer has been recommended by the Company's Directors in the absence of a superior proposal and on 1 July Chesapeake accepted the Offer.

## Corporate Snapshot

This snapshot reflects Chesapeake's evolution since July 2015 and the make-up of its asset base as at 30 June 2016. After raising \$2.1m at 25¢ps and clearing accrued liabilities/restructuring/issue costs Chesapeake commenced with \$1.5m of available Investment Capital (17.0¢ per share). The unaudited NTA has increased to \$2.2m (24.6¢ per share). Operating costs have been kept to a minimum with the Directors electing not to take fees of any description until such time as the NTA was back to the subscribed value of 25¢ per share. As at 14 July 2016 NTA was circa 26¢ per share.

As At 30 June 2016	\$'m
Accrued Liabilities	-0.27
Issue Restructuring Costs	-0.28
New Issue	2.10
Operating Costs	-0.08
Investment Gains	0.84
Provision for Taxation	-0.11
Net Tangible Assets	2.20 (24.6¢ps)



Shares on Issue:	8.92m
June 2018 Options on Issue:	9.52m
Number of Shareholders:	519

	30 Jun '15	30 Sept '15	31 Dec '15	31 Mar '16	30 Jun '16
Net Tangible Assets (\$'m)	1.51	1.55	1.61	1.97	2.20
NTA per Share (c)	17.0	17.4	18.1	22.1	24.6

## Directors:

James Cullen	Executive Chairman
Aaron Constantine	Non Executive Director
Ian Macliver	Non Executive Director
Bernard Romanin	Non Executive Director

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