CHESAPEAKE CAPITAL LIMITED

ABN: 80 106 213 772

FINANCIAL REPORT
FOR THE YEAR ENDED
30 JUNE 2022

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CHESAPEAKE CAPITAL LIMITED
DIRECTORS' REPORT

The directors present their report together with the financial report of Chesapeake Capital Ltd for the financial year ended 30 June 2022 and auditor's report thereon.

Directors

The names of directors in office at any time during or since the end of the year are:

James Cullen	Appointed 17 July 2015
Ian Macliver	Appointed 31 August 2015
Aaron Constantine	Appointed 31 August 2015
Bernard Romanin	Appointed 30 May 2008

The directors have been in office since the start of the year to the date of this report unless otherwise stated.

Principal activities

Chesapeake Capital Ltd ("Chesapeake" or "the Company") is an unlisted public company which invests in a wide range of listed and unlisted companies across a variety of sectors, with a particular focus on emerging companies.

There has been no significant change in the nature of these activities during the financial year, however, with effect from 1 July 2021 the Company changed its status for income tax purposes from an investment company to a share trading company. This change in status was made possible due to the Company relinquishing its status as a Pooled Development Fund part way through the previous year. The income tax rate applicable to the Company reduced from 30% to 26% as a result.

Results

The loss after income tax attributable to the members of Chesapeake Capital Limited was $4,119,668 (2021: profit of $3,851,856). This loss is due to a change in accounting policy to reflect the Company's status as a share trader. Whereas in previous years share investments were recorded at market value (with movements up or down in value being recorded in the Statement of Profit and Loss), as a share trader, shares held for sale are treated as inventory and recorded at the lower of cost and market value. The value of inventory at year end is reported as a current asset in the Balance Sheet.

As a result of this change in accounting policy, a write-back in the value of shares held at 30 June 2022 to their cost was recorded in the amount of $5,195,075. This write-back is effectively an unwinding of previously recognized profit on the increased market value of shares. Profit or loss on shares is now (from 1 July 2022) only recorded when realized through sales of shares.

The difference between the cost (inventory) value of shares at 30 June 2022 and the market value was a gain (unrealized) of $1,577,869.

Review of operations

During the year Chesapeake continued to seek investments in a concentrated portfolio of companies, both listed and in the pre-IPO stage, through the provision of new equity and on-market buying and selling of securities.

Results generated from the investment portfolio suffered a material deterioration in value principally due to a significant fall in the share price of the Company's largest investment, Podium Minerals Ltd ("Podium"). The unrealized loss recorded on Podium represented an unwinding of an unrealized gain on Podium recorded in the previous financial year.

The net tangible asset backing per share at 30 June 2022 was 17.0 cents. If the unrealized gain (after estimated tax at 26%) on shares held at 30 June 2022 is taken into account, the net tangible asset backing per share at 30 June 2022 would increase by 7.7 cents per share to 24.7 cents per share.

Significant Changes in State of Affairs

There were no significant changes in the Company's state of affairs that occurred during the financial year, other than those referred to elsewhere in this financial report.

COVID 19

The existence of COVID-19 was confirmed in early 2020 and in March 2021 was declared a pandemic by the World Health Organisation. This has resulted in significant disruption in global and domestic markets.

Notwithstanding the impact of COVID-19, the company has continued to engage in its principal activity, the results of which are disclosed in the attached financial statements.

After balance date events

Since the end of the financial year no matter or circumstance has arisen that has significantly affected, or may significantly affect the Company's operations, the results of those operations, of the Company's state of affairs in future financial years.

Likely developments

The Company will continue to pursue its operating strategy to create shareholder value through investing in listed and unlisted companies. In the opinion of the directors, disclosure of any further information would be likely to result in unreasonable prejudice to the entity.

Environmental regulation

The company's operations are not subject to any significant environmental Commonwealth or State regulations or laws.

Dividend paid, recommended and declared

During the financial year a fully franked dividend of $420,207 was declared and paid. No other dividends were paid or declared since the start of the financial year. No recommendation for payment of dividends has been made.

Share options granted to directors and officers

No options over unissued ordinary shares were granted during or since the end of the financial year.

Shares issued on exercise of options

No shares were issued during the reporting period or up to the date of this report on exercise of options.

Shares under options

No options over unissued ordinary shares were outstanding at the end of the financial year.

Information on directors and company secretary

The qualifications, experience and special responsibilities of each person who has been a director of Chesapeake Capital Limited at any time during or since 1 July 2021 is provided below, together with details of the company secretary as at the year end.

James Cullen
B Com, CA, F Fin, FAIC, AIGA, ACIS
Non-Executive Director and Joint Company Secretary
Director since 17 July 2015

Mr Cullen has served as Chief Executive Officer of Pacific Energy Ltd, a leading Australian power generation business, since June 2015. Prior to joining Pacific Energy, he was Chief Executive of Resource Equipment Ltd (2008 – 2014) and PCH Group Ltd (1995 – 2007), both of which were ASX listed resource sector service companies with national and international operations until being acquired under takeover transactions.

He has extensive commercial and practical experience in growing businesses domestically and internationally, both organically and through acquisitions.

Jamie has considerable financial, management and corporate governance experience and has served as a director of several listed companies. He is also a Board member of Guide Dogs WA and Ear Science Institute Australia.

He is a qualified Chartered Accountant and prior to his CEO roles was a finance executive in the motion picture industry in Los Angeles and before that was with PricewaterhouseCoopers in Australia and the USA.

Ian Macliver
B Com, FCA, SF Fin, FAICD
Non-Executive Director
Director since 31 August 2015

Mr Macliver is a qualified Chartered Accountant who founded Grange Consulting Group Pty Ltd ("Grange") in 1995. Grange is a boutique provider of specialist corporate advisory services to listed and unlisted companies. He is Chairman of Grange.

Mr Macliver has been chairman or director of numerous listed and private companies over the past 20 years including Chairman of Western Areas Limited. He has held senior executive positions in a number of listed companies.

He has significant M&A experience, both advisory and practical and extensive due diligence and business valuation experience. He is highly experienced in general corporate finance and debt/equity raisings. Mr Macliver was formerly with Arthur Andersen.

Information on Directors and Company Secretary (continued)

Aaron Constantine
B Com, B Econ, F Fin, MAICD, MSSAA
Non-Executive Chairman
Director since 31 August 2015

Mr Constantine is an Executive Director Corporate Finance at Canaccord Genuity (Australia) Limited having previously been Head of Corporate Finance at Patersons Securities Limited since 1999.

Mr Constantine has 36 years of equities capital markets experience in structuring and executing capital raisings and has extensive mergers and acquisitions experience.

Bernie Romanin
B App Sci, Grad Dip Marketing
Non-Executive Director and Joint Company Secretary
Director since 30 May 2008

Mr. Romanin has healthcare experience in Diagnostics, Pharmaceuticals and Medical Devices gained over 35 years in Australia and internationally.

Most recently (from January 2016) Mr Romanin has been CEO of GMDx Group Ltd, a Genomic Diagnostics Company.

During almost a decade in the USA with Chiron and Novartis, he has directed market development activities to identify, validate and commercialise new opportunities in diagnostics in the areas of Infectious Diseases (Hepatitis and HIV/AIDS), Oncology, Cardiovascular Disease and Metabolic Disorders.

Directors' meetings

The number of meetings of the board of directors and of each board committee held during the financial year and the numbers of meetings attended by each director were:

	Board of Directors	
	Eligible to attend	**Attended**
James Cullen	3	3
Ian Macliver	3	3
Aaron Constantine	3	3
Bernard Romanin	3	3

Directors' interests in shares or options

Directors' relevant interests in shares of Chesapeake Capital Limited or options over shares in the company are detailed below.

Directors' relevant interests	Ordinary shares
James Cullen	2,350,918
Ian Macliver	821,204
Aaron Constantine	3,023,474
Bernard Romanin	78,551

The information includes shares held by the Directors and their related parties.

Indemnification and insurance of directors, officers and auditors

During or since the end of the year, the company has paid premiums in respect of an insurance contract in order to indemnify the directors of the company against liabilities that may arise from their position as officers of the company. Officers indemnified include all directors and executive officers participating in the management of the company.

Further disclosure required under section 300(9) of the corporation's law is prohibited under the terms of the contract.

No indemnities have been given or insurance premiums paid, during or since the end of the year, for any person who is or has been an auditor of the company.

Proceedings on behalf of the company

No person has applied for leave of Court to bring proceedings on behalf of Chesapeake Capital Limited.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* in relation to the audit for the financial year is provided with this report.

Non-audit services

Non-audit services are approved by the board of directors. Non-audit services were provided by Field Group for FY 2021 and FY 2022, as detailed below. The directors are satisfied that the provision of the non-audit services during the year by the auditor is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001* for the following reasons:

- all non-audit services were subject to the corporate governance procedures adopted by Chesapeake Capital Limited and have been reviewed and approved by the Directors to ensure they do not impact on the integrity and objectivity of the auditor; and
- the non-audit services provided do not undermine the general principles relating to auditor independence as set out in APES 110 *Code of Ethics for Professional Accountants*, as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision making capacity for Chesapeake Capital Limited, acting as an advocate for Chesapeake Capital Limited, or jointly sharing risks and rewards in relation to the operations or activities of Chesapeake Capital Limited.

	2022 $	2021 $
Amounts paid and payable to The Field Group for non-audit services:		
Taxation services	660	660

Rounding of amounts

In accordance with *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191*, the amounts in the directors' report and in the financial report have been rounded to the nearest dollar.

Signed in accordance with a resolution of the directors.

....
Director Bernard Romanin

....
Director James Cullen

Dated this 9th day of December 2022

TheFieldGroup.Audit

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**AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF CHESAPEAKE CAPITAL LIMITED**

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2022 there have been no contraventions of:

i. The auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

ii. Any applicable code of professional conduct in relation to the audit.

The Field Group - Audit

The Field Group – Audit	Gavin Fraser, CA
Chirnside Park, Victoria	Director

Dated: 9 December 2022

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2022

	Notes	2022 $	2021 $
Revenue and other income			
Revenue	5	(128,787)	5,910,102
Less: Expenses			
Writeback of shares held for sale to cost	6	(5,195,075)	-
Administrative expenses		(160,283)	(73,925)
(Loss) / Profit before income tax		(5,484,145)	5,836,177
Income tax benefit/(expense)	7	1,364,477	(1,984,321)
Net (Loss) / Net profit from continuing operations		(4,119,668)	3,851,856
(Loss) / Profit is attributable to:			
Members		(4,119,668)	3,851,856
Other comprehensive income			
Other comprehensive income for the year		-	-
Total comprehensive income for the year		(4,119,668)	3,851,856
Total comprehensive income attributable to:			
Members		(4,119,668)	3,851,856

The above statement should be read in conjunction with the accompanying notes.

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2022

	Notes	2022	2021
		$	$
Current assets			
Cash and cash equivalents	8	26,066	207,653
Inventories	9	2,882,942	-
Other financial assets	10	-	8,237,096
Other current assets	11	18,150	17,243
Total current assets		2,927,158	8,461,992
Non-current assets		-	-
Total assets		2,927,158	8,461,992
Current liabilities			
Payables	12	12,583	12,070
Provision for Income Tax	7	27,760	179,552
Total current liabilities		40,343	191,622
Non-Current liabilities			
Deferred tax liability	7	310,315	1,574,201
Total Non-current liabilities		310,315	1,574,201
Total liabilities		350,658	1,765,823
Net assets		2,576,500	6,696,169
Equity			
Share capital	13	17,756,368	17,336,161
Accumulated Losses		(15,179,868)	(10,639,993)
Total equity		2,576,500	6,696,168

The above statement should be read in conjunction with the accompanying notes.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2022

	Notes	Share Capital	Accumulated Losses	Total Equity
		$	$	$
Balance as at 1 July 2020		**17,336,161**	**(14,491,849)**	**2,844,312**
Profit for the year		-	3,851,856	3,851,856
Total comprehensive income for the year		**-**	**3,851,856**	**3,851,856**
Transactions with owners in their capacity as owners:				
Issue of ordinary shares (net of share issue cost)	13	-	-	-
		-	-	-
Balance as at 30 June 2021		**17,336,161**	**(10,639,993)**	**6,696,168**
Profit for the year		-	(4,119,668)	(4,119,668)
Total comprehensive loss for the year		-	**(4,119,668)**	**(4,119,668)**
Transactions with owners in their capacity as owners:				
Issue of ordinary shares (net of share issue cost)	13	420,207	-	420,207
Dividends Paid		-	(420,207)	(420,207)
		420,207	**(420,207)**	-
Balance as at 30 June 2022		**17,756,368**	**(15,179,868)**	**2,576,500**

The above statement should be read in conjunction with the accompanying notes.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2022

	Notes	2022 $	2021 $
Cash flow from operating activities			
Sale of Stock		541,065	-
Purchase of Stock		(522,420)	-
Payments to suppliers		(181,307)	(94,801)
Interest received		30,184	29,561
Income tax paid		(51,201)	(70,803)
Net cash (used in) operating activities	14	(183,679)	(136,043)
Cash flow from investing activities			
Proceeds from sale of investments		-	1,645,402
Payment for investments		-	(1,435,975)
Net cash provided by investing activities		-	209,427
Cash flow from financing activities			
Net proceeds from share issue		2,092	-
Net cash provided by financing activities		2,092	-
Net (decrease)/ increase in cash and cash equivalents		(181,587)	73,384
Cash and cash equivalents at beginning of year		207,653	134,269
Cash and cash equivalents at end of the year	8	**26,066**	**207,653**

The above statement should be read in conjunction with the accompanying notes.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2022

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The following are the significant accounting policies adopted by the entity in the preparation and presentation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

(a) Basis of preparation of the financial report

This financial report is a general purpose financial report that has been prepared in accordance with the *Corporations Act* 2001 and Australian Accounting Standards, Interpretations and other applicable authoritative pronouncements of the Australian Accounting Standards Board (AASB).

Chesapeake Capital Limited is a company limited by shares, incorporated and domiciled in Australia. The address of Chesapeake Capital Limited's registered office and principal place of business is c/o Minter Ellison Lawyers, Level 23, South Rialto Towers 525 Collins Street Melbourne VIC 3000. Chesapeake Capital Limited is a for-profit entity for the purpose of preparing the financial report.

The financial report was approved by the directors as at the date of the directors' report.

Compliance with IFRS

The financial report also complies with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB).

Historical cost convention

The financial report has been prepared under the historical cost convention, as modified by revaluations to fair value for certain classes of assets and liabilities as described in the accounting policies.

Fair value measurement

For financial reporting purposes, 'fair value' is the price that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction between market participants (under current market conditions) at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique.

When estimating the fair value of an asset or liability, the entity uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. Inputs to valuation techniques used to measure fair value are categorised into three levels according to the extent to which the inputs are observable:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for the asset or liability.

Significant accounting estimates and judgements

The preparation of the financial report requires the use of certain estimates and judgements in applying the entity's accounting policies. Those estimates and judgements significant to the financial report are disclosed in Note 2 to the financial statements.

Coronavirus (COVID-19)

Since the declaration by the World Health Organisation on 11 March 2020, of the Coronavirus as a pandemic, there has been a significant impact on local and world economies. This pandemic may have an impact on the financial position and may affect financial performance of the company in the future.

(a) Going Concern

The financial report has been prepared on a going concern basis.

(b) Revenue

Revenue from the rendering of a service is recognised upon delivery of the service to the customers.

Interest revenue is measured in accordance with the effective interest method.

Dividend revenue is recognised when the right to receive a dividend has been established. Dividends received from associates and joint ventures are accounted for in accordance with the equity method.

All revenue is measured net of the amount of goods and services tax (GST).

(c) Cash and cash equivalents

Cash and cash equivalents include cash on hand and at banks, short-term deposits with an original maturity of three months or less held at call with financial institutions, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

(d) Inventories

The company is deemed a share trader and as such shares held for sale are treated as Inventory and recorded at the lower of cost and market value.

The value of inventory at year end is reported as a current asset in the Balance Sheet.

(e) Income tax

The Company was until 23 December 2020 a registered Pooled Development Fund (PDF). This afforded the Company favourable tax treatment, including a corporate tax rate of 15%. As a result of the relinquishment of its PDF status on 23 December 2020, the Company no longer has access to the PDF concessional tax rate and is subject to normal company tax provisions.

Income tax expense for the period is the tax payable on the current period's taxable income based on the national income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax base of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Deferred tax balances

Deferred tax assets and liabilities are recognised for temporary differences at the applicable tax rates when the assets are expected to be recovered or liabilities are settled. Deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction, other than a business combination, that at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

(f) Provisions

Provisions are recognised when the company has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

(g) Financial instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions of the instrument. For financial assets, this is equivalent to the date that the entity commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value adjusted for transaction costs, except where the instrument is classified as fair value through profit or loss, in which case transaction costs are immediately recognised as expenses in profit or loss.

Classification of financial assets

Financial assets recognised by the company are subsequently measured in their entirety at either amortised cost or fair value, subject to their classification and whether the company irrevocably designates the financial asset on initial recognition at fair value through other comprehensive income (FVtOCI) in accordance with the relevant criteria in AASB 9.

Financial assets not irrevocably designated on initial recognition at FVtOCI are classified as subsequently measured at amortised cost, FVtOCI or fair value through profit or loss (FVtPL) on the basis of both:

(a) the company's business model for managing the financial assets; and
(b) the contractual cash flow characteristics of the financial assets

Classification of financial liabilities

Financial liabilities classified as held-for-trading, contingent consideration payable by the company for the acquisition of a business, and financial liabilities designated at FVtPL, are subsequently measured at fair value.

All other financial liabilities recognised by the company are subsequently measured at amortised cost.

Trade and other receivables

Trade and other receivables arise from the company's transactions with its customers and are normally settled within 30 days.

Consistent with both the company's business model for managing the financial assets and the contractual cash flow characteristics of the assets, trade and other receivables are subsequently measured at amortised cost.

Convertible loans

Convertible loans are debt instruments that can be converted into ordinary shares of the issuer, either by the issuer or the holder, on maturity.

A financial asset meets the criteria for held for trading if:

(a) it has been acquired principally for the purpose of sale in the near term;

(b) on initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking; or

(c) it is a derivative other than a designated and effective hedging instrument

Impairment of financial assets

The following financial assets are tested for impairment by applying the 'expected credit loss' impairment model:

(a) equity instruments measured at fair value;

(b) debt instruments measured at amortised cost;

(c) debt instruments classified at fair value through other comprehensive income; and

(d) receivables from contracts with customers and contract assets.

The company applies the simplified approach under AASB 9 to measuring the allowance for credit losses for both receivables from contracts with customers and contract assets. Under the AASB 9 simplified approach, the company determines the allowance for credit losses for receivables from contracts with customers and contract assets on the basis of the lifetime expected credit losses of the financial asset. Lifetime expected credit losses represent the expected credit losses that are expected to result from default events over the expected life of the financial asset.

For all other financial assets subject to impairment testing, when there has been a significant increase in credit risk since the initial recognition of the financial asset, the allowance for credit losses is recognised on the basis of the lifetime expected credit losses. When there has not been an increase in credit risk since initial recognition, the allowance for credit losses is recognised on the basis of 12-month expected credit losses. '12-month expected credit losses' is the portion of lifetime expected credit losses that represent the expected credit losses that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

The company considers a range of information when assessing whether the credit risk has increased significantly since initial recognition. This includes such factors as the identification of significant changes in external market indicators of credit risk, significant adverse changes in the financial performance or financial position of the counterparty, significant changes in the value of collateral, and past due information.

The company assumes that the credit risk on a financial asset has not increased significantly since initial recognition when the financial asset is determined to have a low credit risk at the reporting date. The company considers a financial asset to have a low credit risk when the counterparty has an external 'investment grade' credit rating (if available) of BBB or higher, or otherwise is assessed by the company to have a strong financial position and no history of past due amounts from previous transactions with the company.

Financial assets are regarded as 'credit-impaired' when one or more events have occurred that have a detrimental impact on the estimated future cash flows of the financial asset. Indicators that a financial asset is 'credit-impaired' include observable data about the following:

(a) significant financial difficulty of the issuer or the borrower;

(b) breach of contract;

(c) the lender, for economic or contractual reasons relating to the borrower's financial difficulty, has granted concessions to the borrower that the lender would not otherwise consider; or

(d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation.

The gross carrying amount of a financial asset is written off (i.e., reduced directly) when the counterparty is in severe financial difficulty and the company has no realistic expectation of recovery of the financial asset. Financial assets written off remain subject to enforcement action by the company. Recoveries, if any, are recognised in profit or loss.

(i) Goods and services tax (GST)

Revenues, expenses and purchased assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(j) Comparatives

Where necessary, comparative information has been reclassified and repositioned for consistency with current year disclosures.

(k) Rounding of amounts

The company have applied the relief available under ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 and accordingly, the amounts in the financial statements and in the directors' report have been rounded to the nearest dollar.

NOTE 2: SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

Certain accounting estimates include assumptions concerning the future, which, by definition, will seldom represent actual results. Estimates and assumptions based on future events have a significant inherent risk, and where future events are not as anticipated there could be a material impact on the carrying amounts of the assets and liabilities discussed below:

(c) Income tax

Deferred tax assets and liabilities are based on the assumption that no adverse change will occur in the income tax legislation and the anticipation that the Company will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

Deferred tax assets are recognised for deductible temporary differences as management considers that it is probable that future taxable profits will be available to utilise those temporary differences.

(d) Fair value measurements

Certain financial assets and liabilities are measured at fair value. Fair values have been determined in accordance with fair value measurement hierarchy. Refer to Note 4: Fair Value Measurements for the details of the fair value measure key assumptions and input.

NOTE 3: FINANCIAL RISK MANAGEMENT

The company is exposed to the following financial risks in respect to the financial instruments that it held at the end of the reporting period:
- Market price risk
- Interest rate risk
- Credit risk
- Liquidity risk

The board of directors has overall responsibility for identifying and managing operational and financial risks.

The company holds the following financial instruments:

	2022	2021
Financial assets	**$**	**$**
Amortised cost		
Cash and cash equivalents	26,066	207,653
Other current assets	18,150	17,243
Convertible loan	-	365,000
Inventories	2,882,942	-
Fair value through profit or loss		
Shares in listed entities	-	7,764,953
Shares in unlisted entities	-	107,143
	2,927,158	8,461,992
Financial liabilities		
Amortised cost	12,068	32,203
Payables	12,583	12,068

(a) Market price risk

Market price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk).
The Company's policy is to manage price risk through diversification and selection of securities and other financial instruments within specified limits set by the Board of Directors. In addition, in order for the company to maintain its status of a PDF the company must comply with the regulations imposed by the Pooled Development Funds Act 1992. Refer Note1 (f).

Sensitivity
Investments in listed securities at fair value through profit or loss are measured at fair value at reporting date based on current bid prices. If security prices were to increase/decrease by 10% from fair values as at the reporting date, assuming all other variables that might impact on fair value remain constant, then the impact on profit for the year and equity is as follows:

Listed securities	**2022**	**2021**
+/- 10% price variation	**$**	**$**
Impact on profit after tax	-	776,495
Impact on equity	-	776,495

(b) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market interest rates.

The exposure to interest rate risks in relation to future cash flows and the effective weighted average interest rates on classes of financial assets and financial liabilities, is as follows:

Financial instruments	**Interest bearing**	**Non-interest bearing**	**Total carrying amount**	**Weighted average effective interest rate**	**Fixed / variable rate**
2022	**$**	**$**	**$**	**%**	
(i) Financial assets					
Cash at bank	5,397	20,669	26,066	-	Variable
Inventories	-	2,882,942	2,882,942		
Other current assets	-	18,150	18,150		
Other financial assets	-	-	-	-	Fixed
Total financial assets	5,397	2,921,761	2,927,158		
(ii) Financial liabilities					
Trade Creditors	-	1,490	1,490	-	
Other Payables	-	11,093	11,093	-	
Total financial liabilities	-	12,583	12,583		
2021					
(i) Financial assets					
Cash at bank	195,154	12,498	207,652	0.14%	Variable
Other current assets	-	17,243	17,243		
Other financial assets	365,000	7,872,096	8,237,096	12%	Fixed
Total financial assets	560,154	7,901,837	8,461,991		
(ii) Financial liabilities					
Trade Creditors	-	3,068	3,068	-	
Other Payables	-	9,000	9,000	-	
Total financial liabilities	-	12,068	12,068	0.14%	

No other financial assets or financial liabilities are expected to be exposed to interest rate risk.

Sensitivity

If interest rates were to increase/decrease by 100 basis points from rates used to determine fair values as at the reporting date, assuming all other variables that might impact on fair value remain constant, then no significant impact on profit for the year and equity is expected.

(c) Financial risk

The company monitors their financial risk informally on a day to day basis and then formally at monthly Board meetings, where the financial position of the company is discussed in detail.

(d) Liquidity Risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

The company manages liquidity risk by monitoring forecast cash flows and ensuring that adequate cash is available through the raising of equity.

Maturity analysis

The tables below represents the undiscounted contractual settlement terms for financial instruments and managements expectation for settlement of undiscounted maturities.

	< 6 Months	6-12 Months	1-5 years	Total contractual cash flows	Carrying amount
Year ended 30 June 2022	**$**	**$**	**$**	**$**	**$**
Cash and cash equivalents	26,066	-	-	26,066	26,066
Receivables	18,150	-	-	18,150	18,150
Inventories	2,882,942	-	-	2,882,942	2,882,942
Other financial assets	-	-	-	-	-
Payables	(12,583)	-	-	(12,583)	(12,583)
Net maturities	**2,914,575**	**-**	**-**	**2,914,575**	**2,914,575**
Year ended 30 June 2021	**$**	**$**	**$**	**$**	**$**
Cash and cash equivalents	207,652	-	-	207,652	207,652
Receivables	17,243	-	-	17,243	17,243
Other financial assets	-	8,237,096	-	8,237,096	8,237,096
Payables	(12,068)	-	-	(12,068)	(12,068)
Net maturities	**212,827**	**8,237,096**	**-**	**8,449,923**	**8,449,923**

NOTE 4: FAIR VALUE MEASUREMENTS

(a) Fair value hierarchy

The following table provides the fair value classification of those assets and liabilities held by the Company that are measured either on a recurring or non-recurring basis at fair value.

Year ended 30 June 2022	**Level 1**	**Level 2**	**Level 3**	**Total**
Recurring fair value measurements	**$**	**$**	**$**	**$**
Financial assets				
Financial assets at fair value through profit or loss	-	-	-	-
Total financial assets	-	-	-	-

Year ended 30 June 2021				
Recurring fair value measurements				
Financial assets				
Financial assets	7,764,953	-	472,143	8,237,096
Total financial assets	7,764,953	-	472,143	8,237,096

(b) Reconciliation of recurring level 3 fair value movements

For each asset and liability categorised as level 3 provide a reconciliation:

	2022	**2021**
Unlisted equity Securities	**$**	**$**
Opening balance	-	357,143
Acquisitions	-	-
Total gains and losses recognised in profit or loss	-	115,000
Transfers	-	-
Closing balance	-	472,143

NOTE 5: REVENUE AND OTHER INCOME

Revenue		
Fair value gains on financial assets at fair value through profit and loss	-	5,841,717
Net (loss)/(gain) on sale of inventories	(161,196)	39,130
Other	2,225	5,844
Interest	30,184	23,411
	(128,787)	5,910,102

NOTE 6: PROFIT FROM CONTINUING OPERATIONS

Profit from continuing operations before income tax has been determined after the following specific expenses:

(a) Expenses

	2022	2021
	$	$
Write-back of shares held for resale to original cost	5,195,074	-
Remuneration of the auditor:		
Auditing or reviewing the financial statements	9,900	17,768
Other service – Tax	660	660
	10,560	18,428

NOTE 7: INCOME TAX

(a) Components of tax expense:

Current tax	-	-
Deferred tax	(1,364,477)	1,984,321
	(1,364,477)	1,984,321

(b) Prima facie tax payable

The prima facie tax payable on profit before income tax is reconciled to the income tax expense as follows:		
Loss before tax from continuing operations	(5,484,145)	6,630,440
Prima facie income tax payable on profit before income tax at 25% (2021: 30%)	(1,371,036)	1,989,132
Less tax effect of:		
- other	6,559	(4,811)
	6,559	(4,811)
Income tax (benefit) / expense attributable to profit	(1,364,477)	1,984,321

(b) Current tax Liabilities

Current tax relates to the following		
Current tax liabilities		
Opening balance	179,552	(4,959)
Prior year overprovision	100,591	-
Tax payments	(37,248)	(70,803)
Income tax	41,713	255,314
Provision for Income Tax	284,608	179,552

(c) Deferred tax

Deferred tax relates to the following:

Deferred tax liabilities	**2022**	**2021**
The balance comprises:	**$**	**$**
Accruals	(2,250)	(2,700)
Tax losses	(72,268)	1,752,423
Financial assets at fair value through profit or loss	384,833	(175,522)
Net deferred tax liability	310,315	1,574,201
Increase in deferred tax liabilities	(1,263,886)	1,729,007
	(1,263,886)	1,729,007

NOTE 8: CASH AND CASH EQUIVALENTS

Cash at bank and on hand	26,066	207,653

NOTE 9: INVENTORIES

Inventories	2,882,942	-
	2,882,942	-

Inventories include shares and other investments held for resale, held at the lower of cost and net realisable value.

This is a change from prior years where shares held as investments were reported as Other Financial Assets recorded at fair value via the Statement of Profit and Loss.

This change took effect as at the 1st of July 2021.

NOTE 10: OTHER FINANCIAL ASSETS

CURRENT		
Financial assets at fair value through profit or loss classified as held for trading		
Shares in listed entities	-	7,714,953
Initial Public Offer	-	50,000
Shares in unlisted entities	-	107,143
Total financial assets at fair value through profit or loss	-	7,872,096
Financial assets at cost		
Convertible loan	-	365,000
Total financial assets	-	8,237,096

NOTE 11: OTHER CURRENT ASSETS

	2022	2021
	$	$
Prepayments	18,150	17,243
	18,150	17,243

NOTE 12: PAYABLES

CURRENT

Trade payables	1,490	3,068
Other payables	11,093	9,000
	12,583	12,068

NOTE 13: CONTRIBUTED CAPITAL

	30 June 2022		30 June 2021	
	No of Shares	$	No of Shares	$
(a) Issued and paid up capital				
Ordinary Shares fully paid	15,120,974	17,756,368	14,006,898	17,336,161

Fully paid ordinary shares carry one vote per share and carry the right to dividends.

	30 June 2022		30 June 2021	
	No of Shares	$	No of Shares	$
(b) Movements in shares on issue				
Beginning of the financial year	14,006,898	17,336,161	14,006,898	17,336,161
Issued during the year				
– Issue of ordinary shares	1,114,076	420,207	-	-
– Share issue costs	-	-	-	-
End of the financial year	15,120,974	17,756,368	14,006,898	17,336,161

(c) Rights of each type of share

Ordinary shares participate in dividends and the proceeds on winding up of the parent entity in proportion to the number of shares held. At shareholders meetings each ordinary share gives entitlement to one vote when a poll is called.

	2022	2021
	$	$
NOTE 14: CASH FLOW INFORMATION		
(a) Reconciliation of cash flow from operations with profit after income tax		
(Loss) / Profit from ordinary activities	(4,119,668)	3,851,856
Non-Cash Items		
Opening & Closing Stock Movement	159,080	-
Write-back of shares held for resale to original cost	5,195,075	-
Loss/(profit) on sale of financial assets at fair value through profit and loss	-	(39,130)
Fair value losses on financial assets at fair value through profit or loss	-	(5,841,411)
Changes in assets and liabilities		
(Increase) in other assets	(907)	(743)
(Decrease) in trade and other payables	(1,581)	(20,133)
(Decrease)/increase in income tax payable	(151,792)	184,511
(Decrease)/Increase in deferred income tax asset	(1,263,886)	1,729,007
Net cash outflow from operating activities	(183,679)	(136,044)

NOTE 15: RELATED PARTY TRANSACTIONS

Number of shares held by directors

2022 Directors	Balance 1/07/21 Number	Granted as remuneration Number	Net change other Number	Balance 30/06/22 Number
James Cullen	2,097,000	-	253,918	2,350,918
Ian Macliver	680,000	-	141,204	821,204
Aaron Constantine	2,720,000	-	303,474	3,023,474
Bernard Romanin	72,704	-	5,847	78,551
	5,564,644	-	5,060	5,569,704

During the year the company paid an amount of $15,536 (2021 $8,696) in brokerage fees for services provided by Canaccord Genuity Limited, a company related to Aaron Constantine.

NOTE 16: SUBSEQUENT EVENTS

There has been no matter or circumstance, which has arisen since 30 June 2022 that has significantly affected, or may significantly affect:

(a) the company's operations in future financial years, or
(b) the results of those operations in future financial years, or
(c) the company's state of affairs in future financial years.

DIRECTORS DECLARATION

The directors declare that:

1. In the directors' opinion, the financial statements and notes thereto, as set out on pages 1 to 24, are in accordance with the *Corporations Act 2001*, including:

   (a) complying with Australian Accounting Standards and the *Corporations Regulations 2001*, and other mandatory professional reporting requirements;

   (b) as stated in Note 1(a) the financial statements also comply with International Financial Reporting Standards; and

   (c) giving a true and fair view of the financial position of the company as at 30 June 2022 and of its performance for the year ended on that date.

2. In the directors' opinion there are reasonable grounds to believe that Chesapeake Capital Limited will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

Bernard Romanin
Director

James Cullen
Director

Dated this 9th day of December 2022

TheFieldGroup.Audit

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INDEPENDENT AUDITOR'S REPORT
TO THE DIRECTORS OF CHESAPEAKE CAPITAL LIMITED.

Opinion

We have audited the accompanying financial report of Chesapeake Limited (the company), which comprises the statement of financial position as at 30 June 2022, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the entity comprising the company.

In our opinion, the accompanying financial report of Chesapeake Capital Ltd is in accordance with the Corporations Act 2001, including:

i. giving a true and fair view of the company financial position as at 30 June 2022 and of its performance for the year ended on that date; and
ii. complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's *APES 110: Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of the company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibility of the Directors' for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

The Field Group - Audit

The Field Group – Audit
Chirnside Park, Victoria

Gavin Fraser CA
Partner

Dated: 9 December 2022

TheFieldGroup.