

CHESAPEAKE CAPITAL LTD

ABN 80 106 213 772

PROSPECTUS

A non-renounceable rights issue of 2 New Shares for every 3 Shares held at the Record Date at an Issue Price of \$0.05 per New Share, to raise up to approximately \$500,000 before costs (the **Offer**).

The Offer closes at 5.00pm (AWST) on 25 August 2023 (unless extended). Valid acceptances must be received before that date.

The Offer is partially underwritten by KNL Holdings Pty Ltd as trustee for the KNL Trust (**Underwriter**) up to \$98,154, as a result of which the Underwriter's relevant interest in the Company's voting power will not exceed 19.99%.

Investment in Chesapeake Capital Ltd must be considered speculative

This is an important document which should be read in its entirety. It contains information which will assist you in making a decision regarding your participation in the Offer.

You may wish to consult your financial or other professional adviser about the contents of this Prospectus.

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CORPORATE DIRECTORY

DIRECTORS

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

PROPOSED DIRECTORS

Gregory King – Non-Executive Director
Stephen Lauder – Non-Executive Director

SECRETARY

Bernard Romanin

REGISTERED OFFICE

Level 20, Collins Arch
447 Collins Street
Melbourne, Victoria 3000
Telephone: +61 438 460 464
Website: www.chesapeakecapital.com.au

UNDERWRITER

KNL Holdings Pty Ltd as trustee for the KNL Trust
37 Stirling Highway
Nedlands, Western Australia 6009

AUDITOR

The Field Group
10/1 E Ridge Drive
Chirnside Park, Victoria 3116

LAWYERS TO THE COMPANY

Clayton Utz
Level 27, QV.1 Building
250 St Georges Terrace
Perth, Western Australia 6000

IMPORTANT NOTICE

The information contained in this Prospectus is important and investors should read and understand the whole of the Prospectus before deciding to participate in the Offer. The Prospectus does not take into account the investment objectives, financial situation or particular needs of any investor or any other person. Therefore, investors should not rely on the Prospectus as the sole basis for making an investment decision regarding the Offer. Investors should seek independent taxation and financial advice before making such a decision.

Investing in the New Shares involves risks. Further, investment in the Company must be regarded as speculative. Therefore, it is particularly important that you consider the risk factors (refer to Section 8) that could affect the Company and the New Shares before deciding what course of action you should follow.

1. IMPORTANT INFORMATION

This Prospectus is dated 27 July 2023 and was lodged with ASIC on 27 July 2023.

References in this document to 'Prospectus' are references to this document.

No New Shares will be issued on the basis of this Prospectus later than 12 months after the date of this Prospectus.

ASIC takes no responsibility for the contents of this Prospectus and makes no statement regarding the merits of the Offer to which this Prospectus relates.

The Company is neither admitted to the Official List of ASX nor, in the immediate future, does it intend to seek admission to the Official List of ASX or a listing of its Shares or on any other recognised stock market. As such, there will not be a ready market for the trading of New Shares or and, accordingly, an investment in the Company must be considered to be illiquid.

Offer

Entitlements to Shares can be accepted in full or part by completing the Acceptance Form which is accompanying this Prospectus in accordance with the instructions set out in this Prospectus and on the Acceptance Form.

If you do not wish to accept all or part of your Entitlement, you are not obliged to do anything. If Eligible Shareholders do not take up their Entitlement, their existing interest in the Company will be diluted. Please refer to Section 6.5 of this Prospectus.

Prospectus content

No person is authorised to provide any information, or to make any representation, about the Company or the Offer that is not contained in this Prospectus. Potential investors should only rely on the information contained in this Prospectus. Any information or representation not contained in the Prospectus may not be relied on as having been authorised by the Company in connection with either itself or the Offer. Except as required by law and only to the extent required by such law, neither the Company nor any other person associated with the Company or the Offer guarantees or warrants the future performance of the Company, the return on an investment made under the Prospectus, the repayment of capital or the payment of dividends on the Shares.

Before deciding to invest in the Company, investors should read the entire Prospectus. The information contained in individual sections is not intended to and does not provide a comprehensive review of the business and the financial affairs of the Company or the New Shares offered under the Prospectus. The Offer does not take into account the investment objectives, financial situation or particular needs of individual investors. An investment in the Company must be considered speculative. You should carefully consider the risks (including those set out in Section 8) that impact on the Company in the context of your personal requirements (including your financial and taxation position) and, if required, seek professional guidance from your stockbroker, solicitor, accountant or other professional adviser prior to deciding to invest in the Company. No cooling-off regime (whether provided for by law or otherwise) applies in respect of the investment in or acquisition of New Shares under this Prospectus.

Forward-looking statements

This Prospectus contains forward-looking statements, statements identified by use of the words 'believes', 'estimates', 'anticipates', 'expects', 'predicts', 'intends', 'targets', 'plans', 'goals', 'outlook', 'aims', 'guidance', 'forecasts', 'may', 'will', 'would', 'could' or 'should' and other similar words that involve risks and uncertainties.

These statements are based on an assessment of present economic and operating conditions, and on a number of assumptions and contingencies that are subject to change without notice and involve known and unknown risks and uncertainties and other factors which are beyond the control of the Company and its Directors. They are provided as a general guide only and should not be relied upon as an indication or guarantee of future performance.

As set out above, the Company does not make any representation, express or implied, in relation to forward-looking statements and you are cautioned not to place undue reliance on these statements. The Company does not intend to update or revise forward-looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this Prospectus, except where required by law.

These statements are subject to various risk factors that could cause the Company's actual results to differ materially from the results expressed or anticipated in these statements. Key risk factors are set out in Section 8. These and other factors could cause actual results to differ materially from those expressed in any statement contained in this Prospectus.

Exposure Period

The Prospectus (not including the Acceptance Form) will be made generally available during the Exposure Period by being posted on the Company's website – www.chesapeakecapital.com.au. The Company will not accept or process Acceptance Forms for the New Shares offered under the Prospectus during the Exposure Period. No preference will be conferred on Acceptance Forms received in the Exposure Period.

The purpose of the Exposure Period is to enable examination of the Prospectus by Shareholders, regulatory authorities, investors and market participants prior to the raising of funds. If deficiencies in the content of the Prospectus are detected, the Company will:

- (a) return all Application Monies that it has received;
- (b) provide each Applicant with a supplementary or replacement Prospectus that corrects the deficiency, and give each Applicant the option to withdraw its Application within 1 month and be repaid the Application Monies; or
- (c) issue to each Applicant the New Shares applied for in the Application, provide each Applicant with a supplementary or replacement Prospectus that corrects the deficiency and give each Applicant the option to withdraw its Application within 1 month and be repaid its Application Monies.

Prospectus availability

After the Exposure Period, investors will be able to apply for New Shares under the Offer by completing and returning the Acceptance Form attached to the Prospectus.

Shareholders and investors may also obtain a copy of this Prospectus during the Offer Period by telephoning the Company on +61 438 464 460.

Shareholders will only be entitled to participate in the Offer by correctly completing the Acceptance Form which is attached to this Prospectus.

A copy of this Prospectus will also be available electronically during the Exposure Period (excluding the Acceptance Form) and during the Offer Period (including the Acceptance Form) online at the following website – www.chesapeakecapital.com.au. The Offer (constituted by the Prospectus in electronic form) is available only to persons receiving the Prospectus in electronic form within Australia. Persons who access the Prospectus in electronic form must ensure that they download and read the entire Prospectus.

The following conditions apply if this Prospectus is accessed electronically:

- (a) you must download and read the Prospectus in its entirety; and
- (b) your Application will only be considered where you have applied on a paper copy of an Acceptance Form that accompanied the electronic Prospectus.

By lodging an Application, you declare that you were given access to the electronic Prospectus together with the Acceptance Form and you accessed and printed the electronic version of the Prospectus in Australia.

The Corporations Act prohibits any person from passing an Acceptance Form on to another person unless it is either attached to a hard copy of this Prospectus or a complete and unaltered electronic copy of this Prospectus (whether printed or remaining in an electronic medium).

Privacy

By completing an Acceptance Form, you are providing personal information to the Company and you consent to the collection and use of that personal information in accordance with these terms. That personal information will be collected, held and used both in and outside of Australia by the Company to process your Application, service your needs as a security holder, provide facilities and services that you request and carry out appropriate administration of your investment. If you do not wish to provide this information, the Company may not be able to process your Application.

Once you become a holder of Shares, the Corporations Act requires information about you (including your name, address and details of the Shares you hold) to be included in the Company's public Share register. This information must continue to be included in the Company's public Share register even if you cease to be a holder of Shares.

The Company may disclose your personal information for purposes related to your investment to their agents and service providers (which may be located outside of Australia) including those listed below or as otherwise authorised under the Privacy Act 1988 (Cth):

- (a) printers and other companies for the purposes of preparation and distribution of documents and mail;
- (b) market research companies for the purpose of analysing the Company's Shareholder base and for product development and planning; and
- (c) legal and accounting firms, auditors, management consultants and other advisers for the purpose of administering and advising on the New Shares and for associated actions.

Under the Privacy Act 1988 (Cth), you may request access to your personal information that is held by, or on behalf of, the Company. You can request access to your personal information or obtain further information about the Company's privacy practices by contacting the Company, details of which are set out elsewhere in this Prospectus. The Company aims to ensure that the personal information it retains about you is accurate, complete and up-to-date. To assist with this, please contact the Company if any of the details you have provided change.

Information on the Share register will be accessible by the public as required by the Corporations Act.

Currency, Time and Diagrams

References in this Prospectus to currency are to Australian dollars unless otherwise expressly indicated. All references to time in this Prospectus are to the time in Perth, Western Australia (AWST time). Diagrams used in this Prospectus are illustrative only.

Glossary

Certain terms and abbreviations used in this Prospectus have defined meanings as set out in Section 10 of this Prospectus. Defined terms are generally identifiable by the use of an upper case first letter.

Applications

Detailed instructions on completing the Acceptance Form can be found on the front of the Acceptance Form. The acceptance of an Acceptance Form and the allocation of New Shares and are at the discretion of the Company.

Questions

If you have any queries relating to the Offer or the procedures for participating in the Offer, including how to complete the relevant Acceptance Form, please contact the Company on +61 438 464 460. Other questions can be directed to your stockbroker, lawyer, accountant or other financial adviser.

2. KEY OFFER INFORMATION & DATES

2.1 Key Offer Information

The Offer comprises an offer of two New Shares for every three Shares held at the Record Date at an issue price of \$0.05 per New Share, to raise up to approximately \$500,000 before costs (subject to any restrictions under the Corporations Act).

Any New Shares not taken up by Shareholders will form part of the Top-up Facility. Shareholders may also apply for Additional New Shares in excess of their Entitlements under the Top-up Facility on the terms set out in Section 4.2.

While the target amount to be raised under the Offer is \$500,000, the Company reserves the right to accept oversubscriptions for up to an additional \$250,000.

2.2 Key Dates

Event	Date
Record Date	27 July 2023
Prospectus lodged with ASIC	27 July 2023
Offer opens	4 August 2023
Offer Prospectus despatched to Company's Shareholders	4 August 2023
Offer closes (5:00 pm AWST)	25 August 2023
Notification of Offer Shortfall to the Underwriter	28 August 2023
Issue Date for New Shares and announcement of the results of the Offer made on the Company's website	31 August 2023
Despatch of holding statements for Shares	4 September 2023

2.3 Dates may change

The above dates are indicative only and may change without notice. Subject to compliance with the requirements of the Corporations Act, the Company reserves the right to vary the timetable for the Offer, including by altering the Closing Date or by withdrawing or not proceeding with the Offer (without notice to any investor or other person).

If the Offer is withdrawn before the issue of the New Shares, all Application Monies received by the Company will be refunded (without interest) to Applicants as soon as practicable after the withdrawal. In addition, as ASIC may extend the seven day Exposure Period by up to an additional seven calendar days, the Opening Date for the Offer and other later dates may be varied accordingly without notice.

Applicants for New Shares under the Offer are encouraged to return their completed Acceptance Forms to the Company as soon as possible after the Offer formally opens. New Shares will be issued as soon as practicable.

Investors should note that the Company is not admitted to the Official List of ASX and, therefore, its Shares are neither quoted nor traded on ASX. Further, the Company has no immediate intention of seeking admission to the Official List of ASX or seeking a listing of its Shares on any other recognised stock market. Accordingly, there is no ready market for the trading of the Shares (including the Shares offered under the Offer detailed in this Prospectus) and, therefore, investors must regard their investment in the Company as illiquid.

MESSAGE FROM THE COMPANY

27 July 2023

Dear Shareholders

It is my pleasure to introduce this Prospectus and invite you to participate in this partially underwritten non-renounceable offer of new fully paid ordinary shares in the Company (**New Shares**) at an issue price of \$0.05 per New Shares (**Issue Price**) to raise up to approximately \$500,000 (**Offer**) before costs.

As advised in recent communications to Shareholders, the Directors wish to provide the opportunity for Shareholders to invest in New Shares under the Offer.

The Company's Board recently agreed to implement a number of steps to reduce the administrative costs of maintaining its shareholder base, as well as to undertake a capital raising and board restructure to enable the Company to increase its capital base and investment focus.

Under the Offer, Eligible Shareholders who hold shares in the Company as at 27 July 2023 (**Record Date**) are entitled to subscribed for two New Shares for every three Shares issued. New Shares issued under the Offer will rank equally with existing Shares. Eligible Shareholders may also under a Top-up Facility apply for Shares in excess of their Entitlement (**Additional New Shares**) at the Issue Price.

The Offer is partially underwritten by KNL Holdings Pty Ltd as trustee for the KNL Trust, an entity associated with Gregory King and Stephen Lauder. Mr King and Mr Lauder are experienced investors who have previously supported the Company and (through KNL Holdings Pty Ltd) acquired unmarketable parcels of shares in the recent buyback process undertaken by the Company to reduce administrative costs.

Proceeds of the Offer will be used for investments predominantly in listed securities in conjunction with a rebalancing of the existing investment portfolio.

Following the capital raising process, the Board will be reconstituted with Mr King and Mr Lauder (who are substantial shareholders and associated with the Underwriter) being appointed and Mr Macliver and Mr Romanin retiring. We thank Mr Macliver and Mr Romanin for their service to the Board.

Directors' fees will not be payable to the reconstituted Board, instead performance fees will be payable only for portfolio outperformance as more fully described in this Prospectus.

No application has been made, or is intended to be made, to list the Company on ASX or on any other recognised stock exchange. Therefore, no ready market will exist for the trading of Shares. Consequently, an investment in the Company must be considered to be illiquid.

Please read this Prospectus carefully to fully understand the impact of the Offer on the Company and the risks associated with an investment in the Company.

The Offer is due to open from 4 August 2023 and is due to close at 5.00pm AWST on 25 August 2023. On behalf of the Directors, I thank you for your continued support and I invite you to consider this investment opportunity.

Yours faithfully



Aaron Constantine
Executive Chairman

3. INVESTMENT OVERVIEW

The information set out in this Section is not intended to be comprehensive and should be read in conjunction with the full text of this Prospectus.

Question	Response	Where to find more information
<i>The Offer</i>		
What is being offered and at what price?	<p>The Company is offering to issue New Shares to Eligible Shareholders by a pro-rata non-renounceable rights issue under the Offer.</p> <p>Under the Offer, Eligible Shareholders may subscribe for two New Shares for every three Shares held at the Record Date, at an issue price of \$0.05 per New Share.</p>	Section 4.1
How many new securities will be issued?	The maximum number of New Shares that will be issued under the Offer (if the Offer is fully subscribed) is 10,080,649 (and up to 5,000,000 in oversubscriptions).	Section 4.1
What is the amount that will be raised under the Offer and what is the purpose of the Offer?	<p>If the Offer is fully subscribed, the Company will raise up to approximately \$500,000 through the issue of New Shares (before expenses of the Offer). The Company reserves the right to accept oversubscriptions up to an additional \$250,000.</p> <p>The purpose of the Offer is to raise funds for investments predominantly in listed securities in conjunction with a rebalancing of the existing Investment Portfolio.</p>	Sections 4.1 and 4.4
Who is eligible to participate in the Offer?	<p>The Offer is made to Shareholders who appear on the Company's Register as at the Record Date (Eligible Shareholder).</p> <p>Eligible Shareholders have the opportunity to apply for additional Shares in excess of their Entitlement.</p>	Section 4.1 and 4.2
What are the alternatives for Eligible Shareholders under the Offer?	<p>The Offer is non-renounceable, so you cannot trade your Entitlements. As an Eligible Shareholder, you may:</p> <ul style="list-style-type: none"> (a) take up all of your Entitlements; (b) take up part of your Entitlements, and allow the balance of your Entitlements to lapse; (c) take up all of your Entitlements and apply for Additional New Shares under the Top-up Facility; or (d) allow all of your Entitlements to lapse. 	Section 5
Is the Offer underwritten?	The Offer is partially underwritten up to \$98,154 so that the Underwriter's relevant interest in the Company's voting power does	Section 6.3 and 9.2

Question	Response	Where to find more information
	not exceed 19.99%. The Underwriter and its associates have confirmed that they will take up their full Entitlements (which will comprise of 1,230,182 Shares) under this Offer in addition to the Underwritten Amount. There is no underwriting fee payable.	
Is there a minimum subscription?	There is no minimum subscription.	
Will the Underwriter participate in the Offer?	The Underwriter and its associates, Mr Gregory King, Mr Stephen Lauder and Barolo Investment Partners Pty Ltd are Eligible Shareholders and have advised the Company they will take up all of their Entitlements.	
How will Shortfall be allocated?	After allocation of any New Shares to Eligible Shareholders who apply for their Entitlements and Additional New Shares, any Shortfall will be allocated to the Underwriter up to \$98,154. See Section 4.6 for further information on the voting power of the Underwriter after the Offer.	Section 4.2
How can I apply?	You may apply for New Shares under the Offer by completing the Acceptance Form accompanying or included in this Prospectus. All Acceptance Forms must be completed in accordance with the instructions set out on the reverse of the Acceptance Form.	Section 5
What do Applicants pay when applying under the Offer?	Applicants under the Offer will pay an Application Amount of \$0.05 cents per New Share. The Company will retain any interest earned on all Application Monies.	Section 5
What are the Additional New Shares and who can subscribe?	The Company will allow Eligible Shareholders that have fully subscribed for their Entitlement under the Offer to subscribe for additional New Shares in excess of their Entitlement (Additional New Shares).	Section 4.2
Will the issue of Additional New Shares be limited?	The issue of Additional New Shares will be limited to the extent that there are sufficient New Shares from Eligible Shareholders who do not take up their full Entitlements and if the Company decides to accept over subscriptions up to \$250,000.	Section 4.2
Can the Offer be withdrawn?	The Company reserves the right not to proceed with the Offer at any time before the issue of the New Shares to successful Applicants. If the Offer does not proceed, Application Monies will be refunded. No interest will be paid on any refunded Application Monies.	

Question	Response	Where to find more information
Will the New Shares issued under the Offer be listed?	No. It is not the current intention of the Company to apply for admission to the Official List of ASX (or any other recognised stock exchange) in the 12 months following the Offer. As such, the New Shares will not be quoted on ASX.	Section 4.10
What are the tax implications of investing in the New Shares?	<p>The tax consequence for an investor making any investment in the New Shares will depend upon the investor's particular circumstances. Applicants should obtain their own tax advice before deciding whether to invest.</p> <p>No Australian Goods and Services Tax (GST) or stamp duty is payable in respect of the acquisition of New Shares under the Offer.</p>	Section 4.11
How can I obtain further information?	<p>If you would like more information or have any questions relating to the Offer, please call the Company on +61 438 460 464 between 8.30am and 5.00pm (AWST time).</p> <p>If you are uncertain as to whether an investment in the Company is suitable for you, please contact your stockbroker, financial adviser, accountant, lawyer or other professional adviser.</p>	Section 4.13
<i>The Company</i>		
What is the background and business of the Company?	<p>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. It was registered as a company on 5 September 2003. Until December 2020 the Company operated as a Pooled Development Fund (PDF), however, due to a number of regulatory changes that affected PDFs, the Directors formed the view that the utility of the PDF structure had been substantially diminished and reduced opportunities to deploy capital. As a result, with effect from 23 December 2020, the Company relinquished its status as a PDF and reverted to that of an unlisted Australian public company.</p> <p>Recently, the Company undertook the compulsory acquisition (funded by the Underwriter) of all unmarketable parcels (being holdings of less than \$500) held by Shareholders in order to reduce the administrative cost and burden to the Company in servicing these Shareholders and complying with statutory obligations.</p> <p>The Underwriter acquired all participating unmarketable parcels through that process.</p> <p>Following the completion of the acquisition of unmarketable parcel, there are now 73</p>	Section 7.1

Question	Response	Where to find more information
	<p>Shareholders and the Underwriter and its associates hold a voting power of 12.2% of the Shares in the Company.</p> <p>The Underwriter is extending its support of the Company by partially underwriting this offer up to the Underwritten Amount.</p>	
<p>What is the Company's primary objective?</p>	<p>The Company's objective is to invest predominantly in listed Australian and international equity securities. Please note that the investment strategy set out above may be impacted by various factors outside the control of the Company – refer to the risks set out in Section 8.</p>	
<p>Who are the Directors?</p>	<p>The Directors of the Company are:</p> <ul style="list-style-type: none"> (a) Aaron Constantine – Executive Chairman (b) James Cullen – Non-Executive Director (c) Ian Macliver – Non-Executive Director (d) Bernard Romanin - Non-Executive Director <p>Following completion of the Offer, Mr Macliver and Mr Romanin will resign as Directors and the Company intends to appoint the following persons as Non-Executive Directors:</p> <ul style="list-style-type: none"> (a) Gregory King; and (b) Stephen Lauder. <p>Messrs. Constantine, Cullen, King and Lauder have all advised that they and their associates will take up their Entitlements in full.</p>	<p>Section 7.2</p>
<p>What are the Proposed Directors to be paid?</p>	<p>Details of the previous fees paid to the existing Directors and the performance fees expected to be paid to the reconstituted Board of Directors are set out in section 9.4 of the Prospectus.</p>	<p>Section 9.4</p>
<p>Does the Company have any material contracts?</p>	<p>The Company has entered into the Underwriting Agreement with respect to the Offer.</p>	<p>Section 9.2</p>
<p>Where can I find key financial information relating to the Company?</p>	<p>Please refer to section 6.2 for extracts from the independently reviewed financial statements of the Company as at 31 December 2022.</p>	<p>Section 6.2</p>

Question	Response	Where to find more information
<i>General</i>		
<p>What are the key risks of further investment in the Company?</p>	<p>Shareholders should be aware that subscribing for New Shares in the Company involves a number of risks.</p> <p>An investment in the Company should be considered speculative and illiquid. You should give full consideration to the detailed discussion of risks that is set out in Section 8 of the Prospectus.</p> <p>The key risks associated with an investment in the Company include:</p> <p>(a) (No Market for Company's Shares) There is no ready market for the trading of the Shares (including the Shares offered under the Offer detailed in this Prospectus) and, therefore, investors must regard their investment in the Company as illiquid;</p> <p>(b) (Sector risk) The Company intends to concentrate its investment activities on the microcap sector. Microcap companies are likely to be at an early stage of development and therefore possess limited financial resources and profiles.</p> <p>(c) (Liquidity risk) There is a risk that the Investment Portfolio's underlying investments (and in particular unlisted microcap companies) may not be easily converted to cash. This may result in a loss of value if the Company needs to sell within a particular timeframe.</p> <p>(d) (Unlisted securities risk) The Investment Portfolio may have an exposure to unlisted securities. In general there is less government regulation and supervision of transactions in the unlisted securities markets than of transactions entered into with companies listed on an organised stock exchange.</p> <p>(e) (Management risk) The success and profitability of the Investment Portfolio in large part will depend upon the ability of the Company to make investments that increase in value over time.</p> <p>(f) (Investment risk) There is a risk that the Shares and/or the Company's investments will fall in value over the short or long term.</p>	<p>Section 8.</p>

Question	Response	Where to find more information
	<p>Individual security prices may fluctuate and under perform other asset classes over time. Investors in the Company are exposed to this risk through both their holding of Shares and through the Company's investments.</p> <p>(g) (Size of Investment Portfolio) The very small size of the Investment Portfolio will directly affect its risk profile. As the Investment Portfolio increases in size, the portfolio risk will diminish (despite the fact that the risk of loss of individual investments included in the Investment Portfolio not necessarily changing).</p> <p>(Future capital requirement of the Company) The Company will need to raise additional capital to fully exploit the business opportunities available to it. If the Company is unable to obtain or invest such additional capital, the Company may be required to reduce the scope of its investment activities or forgo an investment opportunity, which could adversely affect its business, financial condition and results of operation.</p>	
<p>What is the effect of the Offer on control of the Company?</p>	<p>The Underwriter's voting power in the Company may potentially increase to 19.99% otherwise all other holders should maintain their holding in the Company if they subscribe for the full Entitlement and the offer is fully subscribed. If the offer is undersubscribed, shareholders such as Mr Cullen, Mr Constantine or Mr Martin may go over 19.99%. Furthermore, the Company will ensure that no Shareholder will go over 19.99% as a result of participating in the Top-up Facility.</p> <p>See Section 6.3 for information on the effect of the Offer on the control of the Company.</p>	<p>Section 6.3</p>

Question	Response	Where to find more information																								
<p>What are Directors' interests in the Shares and Entitlements?</p>	<p>The relevant interest of each of the Directors (including their associates) in Shares as at the date of this Prospectus, together with their respective Entitlement, is set out in the table below:</p> <table border="1" data-bbox="459 430 1023 824"> <thead> <tr> <th>Name</th> <th>Existing Shares</th> <th>Entitlement</th> </tr> </thead> <tbody> <tr> <td>James Cullen</td> <td>2,350,918</td> <td>15.55%</td> </tr> <tr> <td>Aaron Constantine</td> <td>3,023,474</td> <td>19.99%</td> </tr> <tr> <td>Ian Macliver</td> <td>821,504</td> <td>5.43%</td> </tr> <tr> <td>Bernard Romanin</td> <td>78,551</td> <td>0.52%</td> </tr> </tbody> </table> <p>The relevant interest of each of the Proposed Directors (including their associates) in Shares as at the date of this Prospectus, together with their respective Entitlement, is set out in the table below:</p> <table border="1" data-bbox="459 1039 1023 1263"> <thead> <tr> <th>Name</th> <th>Existing Shares</th> <th>Entitlement</th> </tr> </thead> <tbody> <tr> <td>Greg King</td> <td>1,845,273¹</td> <td>12.20%</td> </tr> <tr> <td>Stephen Lauder</td> <td>1,845,273²</td> <td>12.20%</td> </tr> </tbody> </table>	Name	Existing Shares	Entitlement	James Cullen	2,350,918	15.55%	Aaron Constantine	3,023,474	19.99%	Ian Macliver	821,504	5.43%	Bernard Romanin	78,551	0.52%	Name	Existing Shares	Entitlement	Greg King	1,845,273 ¹	12.20%	Stephen Lauder	1,845,273 ²	12.20%	
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Greg King	1,845,273 ¹	12.20%																								
Stephen Lauder	1,845,273 ²	12.20%																								
<p>What is the capital structure of the Company following completion of the Offer?</p>	<p>The indicative capital structure upon completion of the Offer is set out in the below tables:</p> <p>(a) Fully subscribed:</p> <table border="1" data-bbox="459 1435 995 1666"> <thead> <tr> <th></th> <th>Shares</th> </tr> </thead> <tbody> <tr> <td>Balance at the date of this Prospectus</td> <td>15,120,974</td> </tr> <tr> <td>To be issued under the Offer</td> <td>10,080,649</td> </tr> </tbody> </table>		Shares	Balance at the date of this Prospectus	15,120,974	To be issued under the Offer	10,080,649	<p>The indicative pro-forma balance sheet showing the effect of the Offer (fully subscribed) is in Section 6.2.</p>																		
	Shares																									
Balance at the date of this Prospectus	15,120,974																									
To be issued under the Offer	10,080,649																									

¹ These 1,845,273 Shares comprise 440,814 Shares held by Corporate Advisors Australia Pty Ltd, an entity under the control of Greg King, as well as the following shares held by associates of Greg King: (i) 872,632 Shares held by Gemini Pty Ltd (an entity under the control of Stephen Lauder); (ii) 275,182 Shares held by Barolo Investment Partners Pty Ltd, which is an entity under the control of Greg King and Stephen Lauder; and (iii) 256,645 Shares held by KNL Holdings Pty Ltd, which is an entity under the control of Greg King and Stephen Lauder.

² These 1,845,273 Shares comprise of 872,632 Shares held by Gemini Pty Ltd, an entity under the control of Stephen Lauder, as well as the following shares held by associates of Stephen Lauder: (i) 440,814 Shares held by Corporate Advisors Australia Pty Ltd (an entity under the control of Greg King); (ii) 275,182 Shares held by Barolo Investment Partners Pty Ltd, which is an entity under the control of Greg King and Stephen Lauder; and (iii) 256,645 Shares held by KNL Holdings Pty Ltd, which is an entity under the control of Greg King and Stephen Lauder.

Question	Response		Where to find more information
	TOTAL	25,201,623	
	Additional amount to be issued if oversubscribed up to the full amount	5,000,000	
	Total (including full oversubscription)	30,201,623	

4. DETAILS OF THE OFFER

4.1 What is the Offer?

This Prospectus invites Eligible Shareholders to participate in a pro-rata non renounceable Entitlement issue of up to approximately 10,080,649 Shares on the basis of two Shares for every three Shares held at 5.00pm (AWST) on the Record Date at an issue price of \$0.05 per Share for the purpose of raising up to approximately \$500,000 (before expenses of the Offer).

As at the time this Prospectus was lodged with ASIC, the Company has 15,120,974 Shares on issue.

4.2 Additional New Shares

The Company will allow Eligible Shareholders who have fully subscribed for their Entitlement under the Offer to subscribe for additional New Shares in excess of their Entitlement (**Additional New Shares**) at the same Issue Price (**Top-up Facility**).

Eligible Shareholders can subscribe for Additional New Shares by completing the relevant part of the Acceptance Form. Please refer to Section 5.6.

The issue of Additional New Shares will be limited to the extent that there are sufficient New Shares from Eligible Shareholders who do not take up their full Entitlements. If the Company receives applications for Additional New Shares that would result in the Offer being oversubscribed, then the Company reserves its rights to accept such oversubscriptions.

Any Additional New Shares applied for in excess of your Entitlement will be issued at the complete discretion of the Directors. Eligible Shareholders that apply for Additional New Shares may therefore receive all, some or none that they apply for. There is no guarantee that Eligible Shareholders will receive the number of Additional New Shares applied for. The Company's decision on the number of New Shares and Additional New Shares to be allocated will be final. In the event of a scale back, the difference between the Application Monies received, and the number of New Shares allocated to you multiplied by the Issue Price, will be refunded by the Company, without interest, following allotment.

If there remains a shortfall after the allocation of Additional New Shares under the Top-up Facility to Shareholders, the remaining shares will become Shortfall. Shortfall will be subscribed for pursuant to terms of the Underwriting Agreement (see Section 9.2). In the event, the Company receives and accepts oversubscriptions under the Top-up Facility, there may not be a Shortfall.

No Shareholder will be allocated Additional New Shares if that would result in the relevant interest of the shareholder (and its associates) exceeding 20% of the issued capital of the Company. Additional New Shares will also not be issued where to do so would involve a breach of the Corporations Act or any other applicable law.

4.3 Equal ranking of Shares

All of the Shares offered under this Prospectus will rank equally with the Shares on issue as at the date of this Prospectus. Please refer to Section 9.1 of this Prospectus for further information regarding the rights and liabilities attaching to the Shares.

4.4 Purpose of the Offer and use of funds

The purpose of the Offer is to raise up to approximately \$500,000 before expenses. On the basis that the Offer is fully subscribed, cash at hand will increase to approximately \$565,000 before costs. The Company intends to apply the funds raised from the Offer in accordance with the tables set out below:

Fully Subscribed		
Items of Expenditure	Amount (\$)	%
1. Investment in equities	480,000	96%
2. Expenses of the Offer	20,300	4%
Total	500,300	100%

Notes

1. See Section 9.14 for further details relating to the estimated expenses of the Offer.
2. If the Offer is not fully subscribed, funds raised from the Offer will first be used to fund the Expenses of the Offer and the balance of funds raised will be used as Investment in equities. Any amount raised and accepted as oversubscriptions will be used as Investment in equities.

The above is a statement of current intentions at the date of this Prospectus. Intervening events and new circumstances have the potential to affect the manner in which the funds are ultimately applied, including market conditions, the development of new opportunities and/or any number of other factors. The Board reserves the right to alter the way the funds are applied on this basis.

4.5 Underwriting

The Offer is partially underwritten by the Underwriter to the Underwritten Amount. A summary of the material terms of the Underwriting are set out in Section 9.2.

4.6 Effect on control

See Section 6.3 for information on the effect of the Offer on the control of the Company.

4.7 Opening and Closing Dates

The Offer will open on 4 August 2023.

The Closing Date (for the receipt of acceptances and payment under the Offer) is 5.00pm AWST on 25 August 2023. The Company has reserved the right to alter the Closing Date (and to do without notice).

4.8 Issue of Shares

If the Offer proceeds as contemplated, the New Shares are expected to be issued on or about 31 August 2023. If the Closing Date is extended, the date for issue of the New Shares will also be extended.

Holding statements for Shares issued under the Offer will be mailed as soon as practicable after the issue of Shares. It is expected that holding statements will be despatched on or soon after the date of issue of

the Shares. Again, any extension of the Closing Date will similarly result in the extension of the date for the despatch of the holding statements in respect of any Shares issued under this Prospectus.

By returning a completed Acceptance Form to the Company, the relevant investor will be deemed to have made an irrevocable offer to the Company to subscribe for the number of New Shares specified by the investor in its Application on the terms and conditions set out in this Prospectus (and the reverse side of the Acceptance Form). Acceptance by the Company of an Application will give rise to a binding contract.

4.9 Application Monies

All Application Monies will be held by the Company (on trust for the subscribers) in a separate account (established and kept by the Company) solely for the purpose of depositing Application Monies received pursuant to this Prospectus until the New Shares are issued.

If an Application is rejected or scaled back, or the Offer is withdrawn, all Application Monies will be refunded in Australian dollars. No interest will be paid on refunded amounts. The Company will retain any interest earned on all Application Monies.

4.10 ASX Quotation

While an ASX listing is a possibility that the Company may consider in the future, the Company has no present intention of seeking admission to the Official List of ASX or to quotation on any other recognised stock exchange. Therefore, neither the New Shares (offered under this Prospectus) nor the existing Shares will be able to be traded on ASX and your investment in the Company must be regarded as illiquid.

4.11 Taxation

Investors should be aware that there may be taxation implications of participating in the Offer and receiving any New Shares. The taxation consequences of participation in the Offer and/or acquiring New Shares will vary depending on the individual circumstances of the subscriber. Investors should consult their own professional taxation advisers to obtain advice in relation to the taxation laws and regulations applicable to their personal circumstances.

No Australian Goods and Services Tax (GST) or stamp duty is payable in respect of the acquisition of New Shares under the Offer.

4.12 Shortfall

Any Shares not taken up by Eligible Shareholders pursuant to the Offer by the Closing Date may become available as Shortfall and be taken up by the Underwriter up to the Underwritten Amount.

4.13 Further Queries

If you have any questions about the Offer, please contact:

- (a) the Company on +61 438 464 460; or
- (b) your stockbroker or professional and financial adviser.

This Prospectus provides information for the Shareholders and new investors concerning a potential investment in the Company. It should be read in its entirety. If you have any questions regarding the content of this Prospectus or how to complete the Acceptance Forms, please contact the Company or your stockbroker, accountant, lawyer or independent financial adviser.

5. ACTIONS REQUIRED BY ELIGIBLE SHAREHOLDERS

5.1 Actions in relation to the Offer

The Company will send this Prospectus, together with a personalised Acceptance Form, to all Eligible Shareholders. Eligible Shareholders may:

- (a) accept all of your Entitlement (refer to Section 5.4);
- (b) accept part of your Entitlement (refer to Section 5.5);
- (c) apply for Additional New Shares in excess of your Entitlement (refer to Section 5.6); or
- (d) allow all or part of your Entitlement to lapse (refer to Section 5.7).

5.2 Acceptance of the Offer

Your Entitlement to participate in the Offer will be determined on the Record Date.

The number of Shares to which you are entitled (**Entitlement**) is shown in the Acceptance Form.

In determining Entitlements, any fractional Entitlement will be rounded up to the nearest whole number. Your acceptance of the Offer must be made on the Acceptance Form accompanying this Prospectus.

Please complete the Acceptance Form by filling in the details in the spaces provided and make payment in accordance with Section 5.3 and the instructions contained on the Acceptance Form.

Applications will be deemed not to have been received until the Company is in receipt of cleared funds.

If an Acceptance Form is not completed correctly or if the accompanying payment is the wrong amount, the Company may, in its discretion, still treat the Acceptance Form to be valid. The Company's decision to treat an Application as valid, or how to construe, amend or complete it, will be final.

Completed Acceptance Forms may be sent to the Company, in the case of payment by EFT, to the address or email address specified below. Completed Acceptance Forms, in the case of payment by cheque, must be mailed to the address specified below.

Address for completed Acceptance Forms:

**Chesapeake Capital Ltd
37 Stirling Highway
Nedlands WA 6009**

Email address for completed Acceptance Forms:

info@chesapeakecapital.com.au

Before deciding to invest under the Offer, investors should note that, as the New Shares will not be listed for quotation on ASX or any other stock exchange, there will be no ready or liquid market for the trading of the Shares or for determining their fair market value. Accordingly, after their issue, there will be no market information that the Company can provide as a guide to the fair market value of the Shares or the likely price at which the Shares may change hands (assuming there is a willing buyer and a willing seller and a market for those Shares)).

5.3 Payment options

By EFT

For payment by Electronic Funds Transfer (**EFT**), please follow the instructions on the Acceptance Form. Applicants using EFT should be aware of their financial institution's cut-off time and ensure payment is processed by their financial institution on or before the day prior to the Closing Date. It is your responsibility to ensure that funds submitted through EFT are received by the Company by 5.00pm (AWST) on the Closing Date.

Applicants who make payment by EFT must mail their completed Acceptance Form into the address specified in Section 5.2 or alternatively send a copy of their completed Acceptance Form to info@chesapeakecapital.com.au.

The Company encourages Applicants to make payment via EFT.

By Cheque

For payment by cheque, please follow the instructions on the Acceptance Form. Applicants who make payment by cheque must mail their completed Acceptance Form into the address specified in Section 5.2, accompanied by a cheque in Australian dollars for the amount indicated on the Acceptance Form, crossed "Not Negotiable" and made payable to "Chesapeake Capital Ltd".

5.4 Acceptance of all of your Entitlement under the Offer

Should you wish to take up all of your Entitlement under the Offer, applications for New Shares under the Offer must be made on the personalised Acceptance Form which accompanies this Prospectus in accordance with the instructions referred to in this Prospectus and on the Acceptance Form. Please read the instructions carefully.

Please complete the Acceptance Form by filling in the details in the spaces provided, including the number of New Shares you wish to accept and the amount payable (calculated at \$0.05 per New Share accepted). Payment can be made by the methods set out in Section 5.3.

Applications will be deemed not to have been received until the Company is in receipt of cleared funds.

5.5 Acceptance of only part of your Entitlement under the Offer

Should you wish to only take up part of your Entitlement under the Offer, applications for New Shares under the Offer must be made on the personalised Acceptance Form which accompanies this Prospectus in accordance with the instructions referred to in this Prospectus and on the Acceptance Form. Please read the instructions carefully.

Please complete the Acceptance Form by filling in the details in the spaces provided, including the number of New Shares you wish to accept and the amount payable (calculated at \$0.05 per New Share accepted). Payment can be made by the methods set out in Section 5.3.

Applications will be deemed not to have been received until the Company is in receipt of cleared funds.

5.6 Apply for all of your Entitlement and apply for Additional New Shares

If you wish to apply for Shares in excess of your Entitlement under the Offer by applying for Additional New Shares, you may do so by completing the relevant separate section of the Acceptance Form which accompanies this Prospectus, in accordance with the instructions referred to in this Prospectus and on the Acceptance Form.

Any Additional New Shares applied for in excess of your Entitlement will be issued at the complete discretion of the Directors.

5.7 Non-acceptance of Offer

If you do not wish to take up any part of your Entitlement under the Offer, you are not required to take any action.

If you decide not to accept all or part of your Entitlement, the Shares not accepted will be dealt with in accordance with Section 4.2 of this Prospectus.

If Eligible Shareholders do not take up their Entitlement, their existing interest in the Company will be diluted. Please refer to Section 6.5 of this Prospectus for further details.

5.8 Implications of acceptance

Returning a completed Acceptance Form or paying any Application Monies by EFT or cheque will be taken to constitute a representation by you that:

- (a) you have received a copy of this Prospectus and the accompanying Acceptance Form, and read them both in their entirety;
- (b) you acknowledge that once the Acceptance form is returned, or a cheque or EFT payment instruction is given in relation to any Application Monies, the application may not be varied or withdrawn except as required by law.

6. EFFECTS OF THE OFFER

6.1 Capital structure on completion of the Offer

If the Offer is fully subscribed, the capital structure on completion of the Offer will be:

	Shares
Balance at the date of this Prospectus	15,120,974
To be issued under the Offer	10,080,649
TOTAL	25,201,623

Notes

1. This table does not take into account any oversubscriptions.

6.2 Financial Position of the Company and the effect of the Offer

Set out below is the relevant summary financial information concerning the Company. It has been extracted from the reviewed financial report of the Company for the half-year ended 31 December 2022. In addition, this Section includes a historical pro-forma statement of financial position prepared to illustrate the financial position of the Company on completion of the Offer.

The financial information has been prepared in accordance with Australian Accounting Standards, interpretations and other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act and, in the case of the pro forma statement of financial position, has been prepared on the basis of assumptions outlined in this Section.

The financial information is presented in an abbreviated form and does not contain all of the disclosures required by Australian Accounting Standards in an annual or half year financial report prepared in accordance with the Corporations Act.

A complete version of the Company's financial report for the year ended 30 June 2022 (along with previous financial years of the Company), including the full text of any relevant independent reports of the Company's auditor, are available for review on the Company's website – www.chesapeakecapital.com.au/investor-relations/financial-reports

Statement of Financial Performance

	Reviewed at 31 December 2022	Adjustment Fully Subscribed ¹	Pro forma fully Subscribed \$
Current assets			
Cash and cash equivalents	65,072	504,032	569,104
Inventories	2,370,654		2,370,654
Other current assets	6,050		6,050
Total current assets	2,441,776		2,945,808
Deferred Tax Asset	181,402		181,402
Total assets	2,623,178		3,127,210
Current liabilities			
Payables	10,813		10,813
Provision for Income tax	(19,314)		(19,314)
Total current liabilities	(8,501)		(8,501)
Total liabilities	(8,501)		(8,501)
Net assets	2,631,679		3,135,711
Equity			
Share Capital	17,756,368	504,032	18,260,400
Accumulated Losses	(15,124,689)		(15,124,689)
Total equity	2,631,679		3,135,711

Notes

1. Based on a scenario that the Offer is fully subscribed, and no oversubscriptions are applied for and accepted by the Company.

6.3 Effect of the Offer on control of the Company

Section 606(1) of the Corporations Act prohibits a person, unless an exception applies, from increasing their voting power in the Company:

- (a) from 20% or below to above 20%; or
- (b) from a starting point of above 20% and below 90%.

One of the exceptions to section 606(1) is where that increase occurs as a result of taking entitlements up under a "rights issue". The Company intends that the Offer will fall within the definition of a "rights issue".

However, an increase in voting power that occurs as a result of taking up New Shares under the Top-up Facility will not fall within that exception. Accordingly, if you are an Eligible Shareholder who wants to apply for Additional New Shares under the Top-up Facility, it is your responsibility to ensure that if you are issued with New Shares under the Top-up Facility you will not be in breach of section 606(1) of the Corporations Act. If you are in any doubt as to the consequences of applying for New Shares under the Top-up Facility, you should seek independent legal advice.

The Company notes that:

- (a) Mr James Cullen;
- (b) Mr Aaron Constantine; and
- (c) Mr Gordon Martin

may, if the Offer is not fully subscribed and Mr Cullen, Mr Constantine or Mr Martin subscribe for their full Entitlement under the Offer, hold a voting power of 20% or more post completion of the Offer.

The Underwriter (together with its associates) presently has a relevant interest in 1,845,273 Shares in the Company, and it has indicated that it has no intention of acquiring Shares in the Company prior to the Record Date. The Underwriter has agreed to partially underwrite the Offer for the Underwritten Amount 11,963,080 **New Shares**).

The Underwriter's (and its associates) maximum potential relevant interest in Shares and voting power in the Company is 19.99%. Several scenarios are set out in the table below and are based on the assumptions that:

- (a) no further Shares are issued; and
- (b) the Underwriter subscribes for Shares pursuant to the Underwriting Agreement and does not exceed a relevant interest of 19.99%.³

Number of Underwriter Shares (including associates) as at date of this Prospectus	Underwriter relevant interest as the date of this Prospectus	Underwriter relevant interest where only Underwriter (and associates) take up Entitlements	Underwriter relevant interest where 25% of Shareholders take up Entitlements	Underwriter relevant interest where 50% of Shareholders take up Entitlements	Underwriter relevant interest where 75% of Shareholders take up Entitlements	Underwriter relevant interest where 100% of Shareholders take up Entitlements
1,845,273	12.2%	19.99%	19.99%	19.99%	19.99%	12.2%

³ The Underwriter and its associates Mr Gregory King, Mr Stephen Lauder and Barolo Investment Partners are Eligible Shareholders and have advised the Company they will take up all of their Entitlements under the Offer (collectively comprising 1,230,182 Shares) in addition to the Underwritten Amount.

The Company is conscious of minimising any control implications where possible and has implemented the following control minimisation strategy:

- (a) The Offer has been structured to allow Eligible Shareholders to subscribe for Additional New Shares;
- (b) If, following the allocation in paragraph (a), there remains a Shortfall, those Shares will be allocated to the Underwriter in accordance with its obligations under the Underwriting Agreement; and
- (c) A term of the Underwriting Agreement is that the Underwriter and its related parties will not have a relevant interest exceeding 19.99% at the completion of the Offer.

6.4 Intention of the Underwriter in relation to the Company

Prior to the Offer, the Underwriter (together with its associates) holds a Voting Power of 12.2% in the Company. As set out in Section 6.3, this could increase to a maximum of approximately 19.99% as a result of the Offer.

6.5 Potential dilution

Shareholders should note that if they do not participate in the Offer, their holdings are likely to be diluted (as compared to their holdings and number of Shares on issue as at the date of the Prospectus). Examples of how the dilution may impact Shareholders are set out in the table below:

	Shareholding as at Record Date	% at Record Date	Entitlements to New Shares under Offer	Shareholding if Offer not taken up	% post Offer
Shareholder 1	1,000,000	6.6%	666,667	1,000,000	4.0%
Shareholder 2	500,000	3.3%	333,333	500,000	2.0%
Shareholder 3	250,000	1.7%	166,667	250,000	1.0%
Shareholder 4	100,000	0.7%	66,667	100,000	0.4%
Shareholder 5	50,000	0.3%	33,333	50,000	0.2%

Note: The dilution effect shown in the table is the maximum percentage on the assumption that those Entitlements not accepted are subsequently placed. In the event all Entitlements are not accepted and some or all of the resulting shortfall is not subsequently placed, the dilution effect for each Shareholder not accepting their Entitlement would be a lesser percentage. The dilution effect also assumes that no securities will be issued, exercised or converted prior to the Record Date.

6.6 Dividend policy

The Directors are not able to say when and if dividends will be paid in the future, as the payment of any dividends will depend on the future profitability, financial position and cash requirements of the Company.

7. THE COMPANY

7.1 The Company

The Company is an unlisted public company. It was registered as a company on 5 September 2003.

Chesapeake commenced as a Pooled Development Fund (**PDF**) investing in a concentrated portfolio of generally listed companies. It was renamed and recapitalised with a new Board at the end of FY2015, commencing with circa \$1.5m of investable capital.

The Company invests in a wide range of listed and unlisted companies across a variety of sectors, with a particular focus on emerging companies.

The Company operated as a PDF until December 2020, however, due to a number of regulatory changes that affected PDFs, the Directors formed the view that the utility of the PDF structure had been substantially diminished and reduced opportunities to deploy capital. As a result, with effect from 23 December 2020, the Company relinquished its status as a PDF and reverted to that of an unlisted Australian public company.

7.2 The Proposed Directors

The management of the Company and the investment of the Investment Portfolio will be overseen by its Directors.

Future composition of the Board

A condition of Greg King and Stephen Lauder supporting this Offer (through the support of the Underwriter) is that they join the Board of Chesapeake and that the total number of directors remains at four.

Therefore, Board changes will occur in the near future that will see Ian Macliver and Bernard Romanin retire from the Board.

Prior to resigning, the current Directors intend to nominate Greg King and Stephen Lauder for appointment to the Board (**Proposed Directors**). Each of the Proposed Directors has indicated that he intends to accept such nomination to join the Board.

Details of the Proposed Directors, including brief summaries of their background, expertise and experience are set out below.

Greg King

Greg King's (MAICD) background in the financial and property industries spans over 30 years.

Greg is a co-founder of Ascot Capital Limited, a leading property developer in Western Australia. Notable projects include Jandakot City, comprising of 800,000sqm of leasable commercial and industrial space, valued at \$1billion. In addition to developments in Australia, Greg has also acquired, developed, sold and listed real estate in the United Kingdom and South Africa. Greg is a qualified Chartered Accountant and is a board member of WA Rugby's Future Force Foundation and a Director of Barolo Investment Partners Pty Ltd.

Stephen Lauder

Stephen Lauder (FAICD) has founded, operated and managed National organisations in Australia for the past 30-years, bringing a wealth of experience to Chesapeake Capital.

He established AHS Hospitality, the largest provider of outsourced labour services to the Australian hotel industry, generating employment for more than 5,000 team members. After the success of AHS Hospitality, Stephen combined his extensive knowledge of hospitality and private-equity to establish Pacific Hotel Group. Operating upper-midscale accommodation, restaurants and conference facilities in iconic destinations across Australia, Pacific Hotels identifies and acquires assets with uplift opportunity,

presenting appealing returns for investors. Additionally, Stephen is a Director of Perth-based investment companies, Clover Capital and Barolo Investment Partners Pty Ltd.

The Proposed Directors, once appointed, will, together with the other Directors, be responsible for identifying new investment opportunities and managing the Investment Portfolio of the Company.

As noted below in Section 7.4, as the Company builds its Investment Portfolio, it expects to alter its management and administration arrangements to fit its then circumstances.

Once the Board changes described above have been made, it is proposed that Directors' fees will not be payable and instead, only performance fees will be paid based on the performance of the Investment Portfolio. Further details of the performance fees expected to be paid to the Proposed Directors (when appointed as Directors) are set out in Section 7.2 of the Prospectus.

7.3 The Company's Business

The Company is an investment company. Its principal objective will be to create a diversified portfolio of investments across a range of industries in both listed and unlisted companies. The predominant focus will be on listed Australian and international companies which are generating, or in the near future will generate, cash flows.

General Investment Criteria

The Company will predominantly seek to invest in Australian and international companies that satisfy as many of the following basic selection criteria as possible:

- (a) companies which are undervalued and/or demonstrate potential for growth and expansion i.e. the businesses are scalable - ideally able to expand in both product range and, where appropriate, expand geographically to new markets;
- (b) have a point of difference/competitive advantage in their product or service;
- (c) operate in an industry where there are barriers to entry;
- (d) do not operate in a crowded marketplace (and therefore the likelihood of the Company participating in lengthy and competitive tender processes will be reduced);
- (e) a capital injection can accelerate or realise growth plans - both organic and via acquisition initiatives;
- (f) valuation metrics are attractive;
- (g) have a low level of threats through substitute products or ease of new entrants to the market;
- (h) have a management team with experience, capability and a track record; and
- (i) there is a clear strategy for exit from the investment.

While the Company will use the above selection criteria as the base reference point for investment decisions, it is recognised that most investment candidates will not meet all of the above criteria. Further, the manner of application and the weighting given to the selection criteria will vary from one investment opportunity to another. In that sense, the selection criteria are a guide only and each investment decision will be made on its own merits.

Target sectors

The Company's target sectors for investment of its available funds are early-stage opportunities (20%) and expansion stage opportunities (80%). Clearly, these are targets only and, while the Company is building its Investment Portfolio, it is unlikely to be possible to achieve these guidelines.

As a guide, the Company intends investing in companies operating across a broad range of sectors including, but not limited to:

- (a) General industrial manufacturing, services and supply;
- (b) Medical, life sciences and other health-care;
- (c) Consumer goods;
- (d) Agriculture and food;
- (e) Financial and professional services;
- (f) Logistics;
- (g) Information technology and telecommunications services;
- (h) Internet and e-commerce;
- (i) Education and training;
- (j) Resources (including oil and gas) and resource services companies; and
- (k) Infrastructure and infrastructure support.

The sectors listed above are anticipated to be the focus of investment by the Company. In the short term, the diversity of investment will be limited by the size of the Investment Portfolio, but as the Investment Portfolio builds in size, the Company intends to diversify its investments broadly across the above sectors. However, indicative percentages cannot be stipulated as the ultimate Investment Portfolio will be dependent upon deal flow and the sectors in which the new investment opportunities arise.

Similarly, the Company cannot guarantee that it will find eligible investee companies in each sector.

The Company may invest outside these sectors if a compelling opportunity arises in an eligible company active in another sector.

Importantly, the Proposed Directors have experience in investing in many of the above sectors.

Geographic spread

The majority of investments will be in Australian companies and, in that context, it is expected that the investment opportunities will be broadly spread across Australia. Investments in listed international companies with high growth potential will also be considered.

Expected Investment Portfolio Structure and Size

The Company will seek to invest in companies with compelling business models, entrepreneurial management teams and cash flow generation. In doing so, the investment philosophy will be built on taking a medium to longer term view.

The Company will endeavour to drive investment returns by providing early and expansion stage venture and development capital across a range of industries. The Company will seek to invest in companies that are scalable (nationally and/or globally), have a demonstrable growth path, address identified markets, have clear competitive advantages (including, if applicable, ownership of intellectual property), proven management teams and the ability to generate material free cash flow.

Risk minimisation and diversification will also be key elements in the selection of investments.

Investment Exit

The Company expects to hold the majority of its investments for between one year and four years. For listed investee companies, the exit mechanism will ordinarily be sale through the market (generally ASX). For unlisted investee companies, the Company's preferred exit mechanisms will be:

- (a) listing on the ASX (or other appropriate securities exchange) with subsequent sale into the market (either as part of the initial public offer or after listing);
- (b) sale to other existing or incoming investors; or
- (c) trade sale.

A strategic portfolio priority will be to commence delivering successful exits and returns within the first two years.

The Company expects that the experience and networks of the Proposed Directors will be invaluable in assisting the Company in both the timing and method of exit.

The principal investment objective is that the investment returns from the Investment Portfolio outperform the S&P ASX Small Ordinaries Accumulation Index. The Company is confident that, as a result of the experience and expertise of the Proposed Directors, it will be able to achieve that objective.

Follow-on Investments

Follow-on investments will be considered by the Company, but will be contingent on investee company performance, the availability of investment funds and market conditions. Follow-on investments will not be made in circumstances of underperformance unless the making of the further investment is accompanied by material change which delivers a better opportunity to generate value or as a means of facilitating an exit from an investment.

Leverage

Leverage is a tool which magnifies exposures beyond the assets available to the Company by increasing the level of assets available for investment. It is not proposed that the Company's Investment Portfolio will be leveraged.

Changes to investment strategy

Subject to the limitations imposed by the funding available to the Company as it is building its Investment Portfolio, the Company intends to implement the investment objectives and strategies outlined in this Section on the completion of the Offer.

It is not expected that the Company will change any of these investment objectives, strategies or guidelines in the future. However, if change is required, such change as necessary will only be made after due consideration by the Board and, if required, with the approval of the Shareholders and/or Innovation Australia (or its successor body). The Company will notify Shareholders via its website of any material changes to the Company's investment objectives, strategies and guidelines.

If for any reason (for example, a change in the circumstances of an investee company or in market conditions), the Company's Investment Portfolio ceases to comply with the investment objectives, strategies and guidelines outlined in this Section, the Company will use all reasonable endeavours to remedy the non-compliance within a reasonable period of time.

7.4 Management of Investment Portfolio

The Investment Portfolio will be managed by the Board and will consist primarily of listed equities in Australia and overseas. In return the Board will be entitled to performance fees as described in Section 9.4 but will not be entitled to Directors' fees.

7.5 Reports to Shareholders

The Company will report to Shareholders at the end of each full year (30 June). The reports will include the financial information required to be provided to Shareholders under the Corporations Act, details of the Investment Portfolio and its market value (together with an indication of the net tangible asset backing of the Shares). Copies of the reports will be posted on the Company's website and, if requested, provided to Shareholders free of charge. The Company may also issue periodic updates to Shareholders about the performance of the Investment Portfolio.

8. RISK FACTORS

Investing in the New Shares involves a high degree of risk. You should carefully consider the risks involved in acquiring New Shares, including those risks described below and all of the other information set out in this Prospectus before deciding to invest in the New Shares.

If any of the events or developments described below occurs, the Company's business, financial condition and/or results of operations could be materially and adversely affected. In that case, you could lose all or part of your investment.

This Section identifies what the Directors (and Proposed Directors) regard as the major risks associated with an investment in the Company. It is not exhaustive of all risks. Shareholders should read the whole of this Prospectus (with particular emphasis on this Section) in order to fully appreciate the risks and the manner in which the Company intends to operate before any decision is made to subscribe for New Shares. The principal risk factors include, but are not limited to or exhaustive of, the risks set out below.

While prudent management and investment techniques may be effective in reducing the risks to Shareholders, no assurances can be given by the Company as to the future success of the Company's investment strategies, any particular investment decisions or, importantly, the investment returns or the likely value of the New Shares. To that extent, investment in the Company must be regarded as speculative and, as with any equity investment, substantial fluctuations in the value of that investment may and often do occur.

If you are considering an investment in the Company, you are also strongly advised to consider whether the New Shares are a suitable investment having regard to your personal investment objectives and financial circumstances (and the risk factors set out in this Section 8). If you are in any doubt about the suitability of an investment in the Company, you should consult with your financial adviser, stockbroker, solicitor, accountant or other professional adviser before deciding whether to apply for the New Shares.

8.1 General risk factors

The future operating results of the Company are sensitive to a number of factors including those set out below.

The Company must not be seen as a low-risk investment.

Even if it is assumed that the Offer is successful, and the Company is able to raise sufficient funds to initiate its investment strategy (as set out in the Prospectus), as the Company will be primarily investing in a broad spectrum of listed companies, which companies are generally considered as having a higher risk profile than cash or fixed interest, the Company cannot guarantee its investment performance or its future ability to pay dividends or return of capital.

There are general risks with any investment in the securities of a company. The fair market value of the Shares may rise or fall depending on a range of factors and market conditions which are outside of the Company's control, including:

- (a) changes in exchange and interest rates, both in Australia and worldwide;
- (b) changes in government policy and regulatory environment;
- (c) changes in economic and political conditions in Australia and worldwide;
- (d) changes in investor sentiment and local and international market conditions; and
- (e) developments in technology markets generally.

These factors may have an impact on the Company's operational and financial performance and may impact on the price at which the New Shares may be traded.

It is also the case that there is no ready market for the trading of the New Shares (including the New Shares offered under the Prospectus). Therefore, Shareholders and investors must regard their investment in the Company as illiquid.

It is not possible to identify every risk associated with investing in the Company. However, the following list sets out significant risks associated with investing in the Company. There may be other risks associated with investing in the Company. The risks set out in the following table, as well as others described elsewhere in this Prospectus, should be carefully considered in evaluating the Company and its prospects.

8.2 Specific risk factors

Investors should bear the above risks in mind, when considering whether to participate in the Offer.

In addition, investors are strongly advised to regard any investment in the Company as a long-term proposition (at least 4 to 7 years) and be aware that substantial fluctuations in the value of their investment may occur during that period. More detail about these and other risks associated with the Company can be found in this Section 8.

Type of risk	Description of risk
No Market for Company's Shares	There is no ready market for the trading of the Shares (including the Shares offered under the Offer detailed in this Prospectus) and, therefore, investors must regard their investment in the Company as illiquid.
Liquidity risk	There is a risk that the Investment Portfolio's underlying investments (particularly any in microcap companies) may not be easily converted to cash. This may result in a loss of value if the Company needs to sell within a particular timeframe.
Unlisted securities risk	<p>The Investment Portfolio may have an exposure to unlisted securities. In general there is less government regulation and supervision of transactions in the unlisted securities markets than of transactions entered into with companies listed on an organised stock exchange. In addition many of the protections afforded to participants on organised exchanges may not be available in connection with unlisted securities.</p> <p>Therefore, any investment by the Company in unlisted securities will be subject to the risk that its direct counterparty will not perform its obligations under the transactions and that the Investment Portfolio will sustain losses.</p> <p>In addition, there may be little or no liquidity in unlisted securities (potentially compounded by the Company having only a minority position with little control over the nature or timing of an exit event) and it may be difficult to establish a robust market price for them. Many unlisted securities are relatively illiquid or have low trading volume. This could enhance the volatility of the price of the securities and/or make it difficult to sell the securities at a later date. The valuation of unlisted securities is more difficult to calculate than listed securities. Valuations may be misleading.</p> <p>Difficulties in establishing a robust market price or valuation of unlisted securities exposes the Company to the risk of a potential misstatement of the fair value of unlisted investments in the Investment Portfolio.</p>
Management risk	<p>The success and profitability of the Investment Portfolio in large part will depend upon the ability of the Company to make investments that increase in value over time.</p> <p>The following factors may affect the performance of the Investment Portfolio:</p> <ul style="list-style-type: none"> poor investment strategy and securities selection in that the Company may be unable to construct a portfolio in accordance with the Company's proposed investment objectives, strategy, guidelines and permitted investments and even if it does so, there can be no guarantee

Type of risk	Description of risk
	<p>that the investment strategy will be successful or that the Company will not make investment decisions that result in unprofitable outcomes;</p> <ul style="list-style-type: none"> • changing conditions such as negative changes in market sentiment or equities in general; and • changes in a specific sector which adversely effects such sector's financial and market performance, <p>may adversely affect investment strategies and decisions.</p> <p>Further, the Company's performance may be affected by the loss of one or more of the Directors or Proposed Directors, or the Company's inability to replace any one or more of those persons with relevant investment experience.</p> <p>While the Company will seek to mitigate the risks that may adversely affect its investment performance or its investment decisions, through implementation of internal risk management policies and procedures designed to monitor and address these risks, there can be no guarantee the Company will achieve any particular investment return within the Investment Portfolio or that its future performance will match or exceed its past performance.</p>
Investment risk	<p>There is a risk that the Shares and/or the Company's investments will fall in value over the short or long term. Individual security prices may fluctuate and under perform other asset classes over time. Investors in the Company are exposed to this risk through both their holding of Shares and through the Company's investments.</p> <p>Also, as the Shares of the Company will not trade on ASX or other recognised stock exchange, the value of the Investment Portfolio on a per Share basis may not correlate with the market price (if such exists) of the Shares.</p> <p>The Company will invest in microcap companies.</p>
Regulatory risk	<p>The Company is subject to a range of regulatory controls imposed by government (federal and state) and regulatory authorities (for example, ASIC). The relevant regulatory regimes are complex and are subject to change over time depending on changes in the laws and the policies of the governments and regulatory authorities.</p> <p>The Company is exposed to the risk of changes to the applicable laws and/or the interpretation of existing laws which may have a negative effect on the Company, its investments and/or returns to Shareholders or the risks associated with non-compliance with these laws (including reporting or other legal obligations). Non-compliance may result in financial penalties being levied against the Company.</p>
Financial market volatility	<p>A fall in global or local equity markets, global or local bond markets or lack of movement in the value of the Australian dollar against other major currencies may discourage investors from moving money into or out of equity markets. This may have a negative effect on the value of investee companies and the securities of those companies.</p> <p>Despite the cash component within the Investment Portfolio from time to time, the Company is designed to provide investors with exposure to the Australian listed and unlisted securities market. As such, there will always be a market volatility risk exposure. That risk may materially affect both the performance of the securities in which the Company invests, the net tangible asset backing of the Shares and, as a consequence, the fair market value of the Shares.</p>
Personnel risk	<p>The Company's future depends, in part, on its ability to attract and retain key personnel, namely the Directors (including the Proposed Directors). It may not be able to hire and retain such personnel at compensation levels consistent with its existing compensation and salary structure. Its future also depends on</p>

Type of risk	Description of risk
	the continued contributions of its Directors (including the Proposed Directors), the loss of whose services would be difficult to replace.
Potential conflicts of interest	The Proposed Directors are involved as directors and advisers to other funds and investment vehicles which invest in, or are permitted to invest in, microcap companies. It is possible therefore that they may, in the course of their other business activities, have potential conflicts of interest which may disadvantage the Company or preclude it from taking up an investment opportunity.
Currency and foreign jurisdiction risk	While the Company will predominantly invest in Australian entities, the Company may invest in entities which are not domiciled in Australia. Hence the Company may assume currency exposure and there is a risk that adverse movements in exchange rates will reduce their value in Australian dollar terms.
Counterparty and credit risk	<p>Counterparty risk is the risk that a counterparty, such as a clearing house, will not be able to meet its obligations under a contract.</p> <p>The investment strategies of the Company rely on the successful performance of contracts with external parties, including securities brokers and service providers. There is a risk that these counterparties may not meet their responsibilities, including as a result of insolvency, financial distress or liquidation of the counterparty, which may expose the Company to the risk of loss.</p>
Interest rate risk	Changes in short and long-term interest rates can have a positive or negative impact on investment returns.
Dividend risk	No guarantee can be given concerning the future earnings of the Company, the earnings and capital appreciation of the Company's Investment Portfolio or the return of the capital invested by Shareholders. Specifically, the Company may make poor investment decisions resulting in no or minimal returns to Shareholders. In addition, no guarantee can be given by the Company that it will ever be in the position to pay dividends.
Operational costs	Operational costs for the Company as a proportion of total assets will be affected by the size of the Company. Operational costs representing a greater proportion of total assets will reduce the operating results of the Company and its ability to make dividend payments.
Accounting policy risk	Changes to accounting policies may influence the approach in determining the fair value of investments held by the Company and may have a detrimental impact on the fair value of investments.
Size of Investment Portfolio	Initially, the very small size of the Investment Portfolio will directly affect its risk profile. As the Investment Portfolio increases in size, the portfolio risk will diminish (despite the fact that the risk of loss of individual investments included in the Investment Portfolio not necessarily changing).
Future capital requirements of the Company	<p>The Company will need to raise additional capital to fully exploit the business opportunities available to it. There can be no assurance that the Company will be able to raise such capital on favourable terms (or at all) or, if it is able to raise the capital, that it will be able to invest that capital efficiently.</p> <p>If the Company is unable to obtain or invest such additional capital, the Company may be required to reduce the scope of its investment activities or forgo an investment opportunity, which could adversely affect its business, financial condition and results of operation.</p>
Market risk	Investment returns are influenced by general market factors both in Australia and internationally and by factors specific to each security. In particular, the

Type of risk	Description of risk
	<p>market prices of the shares of investee entities can experience wide fluctuations which in many cases reflect a diverse range of non-entity specific influences including:</p> <ul style="list-style-type: none"> • general economic conditions, including changes in inflation rates, short-term or long-term interest rates, exchange rates and commodity prices; • variations in the local and global markets for listed securities; • domestic and international economic conditions; • changes in investor confidence generally and in relation to specific sectors of the market; • natural disasters, global hostilities and acts of terrorism; • changes to government policy, legislation or regulation including in relation to taxation and other policy changes; and • the inclusion or removal of stocks from major market indices. <p>The Investment Portfolio will be constructed so as to reduce market risks but they cannot be entirely eliminated.</p> <p>As a result, no guarantee can be given in respect of the future earnings of the Company or the earnings and capital appreciation of the Company's investments.</p>
Industry risk	<p>There are a number of industry risk factors that may affect the future operation or performance of the Company that are outside its control. These include increased regulatory and compliance costs and variations in legislation and government policies generally.</p>
Changes in taxation laws and policies	<p>Tax laws are in a continual state of change and reform which may affect the Company and its Shareholders. Tax liabilities are the responsibility of each individual investor. There may be tax implications arising from ownership of the Shares, receipt of franked and unfranked dividends (if any) from the Company, receiving returns of capital and the disposal of the Shares.</p> <p>Dividends paid by the Company to certain investors may not be recognised as frankable by the Australian Taxation Office.</p> <p>The Company is not responsible for either taxation or penalties incurred by investors. You should carefully consider these tax implications and obtain advice from an accountant or other professional tax adviser in relation to the application of the tax legislation to your investment in the Company.</p>
Joint Venture Parties, Agents and Contractors	<p>The Directors are unable to predict the risk of financial failure or default by a participant in any joint venture to which the Company may become a party or the insolvency or managerial failure by any of the contractors used by the Company in any of its activities or the insolvency or other managerial failure by any of the other service providers used by the Company for any activity.</p>
Insurance and Uninsured Risks	<p>The Company, where economically feasible, may insure its operations in accordance with industry practice. However, even if insurance is taken out, in certain circumstances the Company's insurance may not be of a nature or level to provide adequate insurance cover. The occurrence of an event that is not covered, or fully covered, by insurance could have a material adverse effect on the business, financial condition and results of the Company.</p> <p>Insurance of all risks associated with mineral exploration and production is not always available and, where available, the costs can be prohibitive.</p>
Force majeure	<p>The Company's projects now or in the future may be adversely affected by risks outside the control of the Company including labour unrest, civil disorder,</p>

Type of risk	Description of risk
	war, subversive activities or sabotage, fires, floods, explosions or other catastrophes, epidemics or quarantine restrictions.
Government and legal risk	<p>Changes in government, monetary policies, taxation and other laws can have a significant impact on the Company's assets, operations and ultimately the financial performance of the Company and its Shares. Such changes are likely to be beyond the control of the Company and may affect industry profitability as well as the Company's capacity to explore and mine.</p> <p>The Company is not aware of any reviews or changes that would affect its permits. However, changes in community attitudes on matters such as taxation, competition policy and environmental issues may bring about reviews and possibly changes in government policies. There is a risk that such changes may affect the Company's development plans or its rights and obligations in respect of its permits. Any such government action may also require increased capital or operating expenditures and could prevent or delay certain operations by the Company.</p>
Litigation risks	The Company is exposed to possible litigation risks. Further, the Company may be involved in disputes with other parties in the future which may result in litigation. Any such claim or dispute if proven, may impact adversely on the Company's operations, financial performance and financial position. The Company is not currently engaged in any litigation.

8.3 Investment Speculative

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company.

The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of the New Shares. Shareholders should consider that the investment in the Company is high risk and should consult their professional adviser before deciding whether to apply for New Shares pursuant to this Prospectus.

8.4 Timeframe for investments

Shareholders and investors are strongly advised to regard any investment in the Company as a long-term proposition and to be aware that, as with any equity investment, substantial fluctuations in the value of their investment may occur.

In addition, the above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by Shareholders or investors investing their money in the Company. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of the Shares.

Therefore:

- (a) the New Shares to be issued under the Offer carry no guarantee with respect to the payment of dividends, returns of capital or the ultimate value or market price of those securities;
- (b) investment in the Company must be regarded as speculative and neither the Company nor any of its Directors or any other party associated with the Offer and/or the preparation of the Prospectus guarantees that any specific objectives of the Company will be achieved or that any particular performance of the Company or of the Shares will be achieved.

You must consider that an investment in the Company is speculative and consult your professional advisers before deciding whether to apply for the New Shares.

9. ADDITIONAL INFORMATION

9.1 Rights attaching to Shares

There is only one class of shares in the Company, fully paid ordinary shares (**Shares**). The New Shares issued pursuant to the Offer will rank equally with all presently issued Shares.

The rights attaching to the Shares are:

- (a) set out in the constitution of the Company, a copy of which is available for inspection at the Company's registered office; and
- (b) in certain circumstances, regulated by the Corporations Act 2001 (Cth) and the general law.

The following is a summary of the principal rights of the holders of Shares:

Voting

Every holder of Shares present in person or by proxy, attorney or representative at a meeting of Shareholders has one vote on a show of hands, and on a poll every holder of Shares who is present in person or by proxy, attorney or representative has one vote for every fully paid Share held by him or her, and a proportionate vote for every partly paid Share, registered in that Shareholder's name on the Company's Share register.

A poll may be demanded by the chairperson of the meeting, at least 5 shareholders entitled to vote on the resolution or shareholders with at least 5% of the votes that may be cast on the resolution on a poll.

Dividends

Dividends are payable out of the Company's profits and are declared by the Directors. Dividends declared will be payable on the Shares at a fixed amount per share.

Transfer of Shares

A shareholder may transfer Shares by a market transfer according to any computerised or electronic system established or recognised under the Corporations Act 2001 (Cth) for the purpose of facilitating transfers of Shares or by an instrument in writing in any form approved by the Directors.

Meetings and Notice

Each shareholder is entitled to receive notice of and to attend general meetings of the Company and to receive all notices, accounts and other documents required to be sent to shareholders under the constitution of the Company or the Corporations Act 2001 (Cth).

Liquidation Rights

The Company has only one class of shares on issue, which all rank equally in the event of liquidation. Once all the liabilities of the Company are satisfied, a liquidator may, with the authority of a special resolution of shareholders, divide among the shareholders at the time the whole or any part of the remaining assets of the Company. The liquidator may with the sanction of a special resolution of the Company vest the whole or any part of the assets in trust for the benefit of shareholders as the liquidator thinks fit, but no shareholder of the Company can be compelled to accept any shares or other securities in respect of which there is any liability.

Shareholder Liability

As the Shares offered under the Prospectus are fully paid Shares, they are not subject to any calls for money by the Directors and will therefore not become liable for forfeiture.

Alteration of Constitution

The Constitution can only be amended by a special resolution of shareholders present and voting at a general meeting.

9.2 Material Agreements

On 26 July 2023 the Company and the Underwriter entered into an underwriting agreement pursuant to which the Underwriter agreed to partially underwrite the Offer on certain terms and conditions (**Underwriting Agreement**). The following are the key terms of the Underwriting Agreement:

Amount Underwritten	The Underwriter will underwrite up to 1,963,080 Shares under the Offer. The Underwriter will be under no obligation to underwrite or subscribe for any New Share, where the subscription of such New Share would result in the Underwriter obtaining a relevant interest in the voting power of the Company above 19.99%.
Obligations	Within two business days of being advised in writing by the Company of the Shortfall, the Underwriter shall: (a) lodge or cause to be lodged with Chesapeake applications in proper form and in accordance with the terms of the Prospectus; and (b) make payment to Chesapeake of the appropriate application monies, for the number of New Shares as will make up the amount underwritten.
Fees and Commission	No fees, commission or any other financial compensation will be payable by the Company to the Underwriter for the fulfilment of the Underwriter's obligations under the Underwriting Agreement.
Termination	The Underwriting Agreement may only be terminated by mutual agreement of the parties.
Sub-underwriters	The Underwriter may not appoint sub-underwriters to sub-underwrite the Offer without the express prior written consent of the Company

9.3 Substantial Shareholders

The current relevant interests of the substantial Shareholders (persons who have relevant interests in 5% or more of the Company) (including their associates), are as follows:

Substantial Shareholder (includes associated entities)	Number of Shares held	% of total Shares on issue
Mr James Cullen	2,350,918 ⁴	15.55%
Mr Aaron Constantine	3,023,474 ⁵	19.99%

⁴ James Cullen holds these Shares through Kahala Holdings Pty Ltd, an entity under the control of James Cullen.

⁵ Aaron Constantine holds these Shares through Jasper Hill Resources Pty Ltd, an entity under the control of Aaron Constantine.

Mr Gordon Martin	2,800,000 ⁶	18.52%
Mr Ian Macliver	821,204 ⁷	5.43%
Mr Stephen Lauder	1,845,273 ⁸	12.20%
Mr Greg King	1,845,273 ⁹	12.20%
Mr Trevor Nichols	987,027	6.53%
Total	11,827,896¹⁰	78.2%

9.4 Interests of Directors

Interests of Directors – existing security interests

As at the date of this Prospectus, the Directors' direct and indirect interests in Shares are as follows:

Director	Ordinary Shares
Mr James Cullen	2,350,918
Mr Aaron Constantine	3,023,474
Mr Ian Macliver	821,204
Mr Bernard Romanin	78,551
Proposed Director	
Mr Greg King	1,845,273
Mr Stephen Lauder	1,845,273

As noted below, in the Section headed 'Related party transactions', the Underwriter has agreed to underwrite up to \$98,154 of its obligations under the Underwriting Agreement. If the Underwriter is called

⁶ Gordon Martin holds these Shares through Chemco Superannuation Fund Pty Ltd, an entity under the control of Gordon Martin.

⁷ Ian Macliver holds these Shares through Cornela Pty Ltd, an entity under the control of Ian Macliver.

⁸ These 1,845,273 Shares comprise of 872,632 Shares held by Gemini Pty Ltd, and entity under the control of Stephen Lauder, as well as the following shares held by associates of Stephen Lauder: (i) 440,814 Shares held by Corporate Advisors Australia Pty Ltd (an entity under the control of Greg King); (ii) 275,182 Shares held by Barolo Investment Partners Pty Ltd, which is an entity under the control of Greg King and Stephen Lauder; and (iii) 256,645 Shares held by KNL Holdings Pty Ltd, which is an entity under the control of Greg King and Stephen Lauder.

⁹ These 1,845,273 Shares comprise 440,814 Shares held by Corporate Advisors Australia Pty Ltd, an entity under the control of Greg King, as well as the following shares held by associates of Greg King: (i) 872,632 Shares held by Gemini Pty Ltd (an entity under the control of Stephen Lauder); (ii) 275,182 Shares held by Barolo Investment Partners Pty Ltd, which is an entity under the control of Greg King and Stephen Lauder; and (iii) 256,645 Shares held by KNL Holdings Pty Ltd, which is an entity under the control of Greg King and Stephen Lauder

¹⁰ Given Stephen Lauder and Greg King are associates, their shareholding has not been duplicated for the purposes of calculating the total number of shares of the substantial shareholders of the Company.

on to meet its underwriting commitment, each Proposed Director's direct / indirect interest in the Company at the conclusion of the Offer would be:

Proposed Director	Shares
Mr Greg King	19.99%
Mr Stephen Lauder	19.99%

Other than as noted above, no Director or Proposed Director currently holds any options or other securities convertible into Shares or other securities of the Company.

Shareholding qualifications

Directors are not required to hold any Shares under the constitution of the Company as a qualification for, or prerequisite to, holding office as a director.

Remuneration of Directors

The Directors received the following remuneration in the 30 June 2022 financial year and 30 June 2023 financial year:

Director	Remuneration paid	
	FY ended 30 June 2022	FY ended 30 June 2023
Mr James Cullen	\$25,000	\$25,000
Mr Aaron Constantine	\$25,000	\$25,000
Mr Ian Macliver	\$25,000	\$25,000
Mr Bernard Romanin	\$25,000	\$25,000

Remuneration in the form of Directors' fees is paid at the beginning of each financial year in relation to the previous financial year.

Prior to the year ended 30 June 2021 no Directors' fees were paid to the current Board. Following the capital raising and Board reconstitution processes, Directors' fees will not be payable. Instead performance fees will only be payable.

Performance fees will be calculated based on 20% of the amount by which the investment returns on the Investment Portfolio outperform a 6% compound annual return, subject to:

- (a) a high watermark such that outperformance is measured against a cumulative compounding 6% benchmark; and
- (b) any performance fees paid are deducted from the portfolio value when calculating the applicable annual benchmark.

9.5 Related party transactions

Pursuant to the Underwriting Agreement, the Underwriter is a related party of the Company by virtue of Greg King and Stephen Lauder being Proposed Directors.

As the Underwriter is not entitled to a fee under the terms of the Underwriting Agreement, no financial benefit under Chapter 2E of the Corporations Act is being provided to the Underwriter.

Other than as set out above, and as noted in Section 7.4 of the Prospectus in respect of the proposed future arrangements for the management of the Investment Portfolio, there are no existing agreements or arrangements and no currently proposed transactions in which the Company is, or may be, a participant and in which any related party of the Company has or will have a direct or indirect interest in the Company or the Offer.

9.6 Interests of other persons

Except as disclosed in this Prospectus, no expert, promoter or other person named in this Prospectus as performing a function in a professional, advisory or other capacity:

- (a) has any interest nor has had any interest in the last two years prior to the date of this Prospectus in the formation or promotion of the Company, the Offer or property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Offer; or
- (b) has been paid or given or will be paid or given any amount or benefit in connection with the formation or promotion of the Company or the Offer.

Clayton Utz will be paid approximately \$17,000 (plus GST) in fees for legal services in connection with the Offer.

9.7 Inspection of documents lodged with ASIC

The Company is a disclosing entity for the purposes of the Corporations Act and is subject to regular reporting and disclosing obligations under the Corporations Act. These obligations require the Company to lodge with ASIC information of which it becomes aware concerning the Company which a reasonable person would expect to have a material effect on the price or value of its securities.

Copies of continuous disclosure documents lodged with ASIC in relation to the Company may be viewed on the Company's web site - www.chesapeakecapital.com.au.

9.8 Obtaining copies of Documents

The Company will provide, free of charge to any person who asks, before the Closing Date, a copy of:

- (a) the annual financial report of the Company for the year ended 30 June 2022, being the most recently lodged annual financial report of the Company before the date of this Prospectus; and
- (b) any continuous disclosure notices given by the Company to ASIC, including notices given by the Company to ASIC after the lodgement of the annual financial report of the Company for the year ended 30 June 2022 with ASIC and before lodgement of a copy of this Prospectus with ASIC.

Investors should note that the Financial Report of the Company (which incorporates the financial statements of the Company for the year ended 30 June 2022) was lodged with ASIC on 2 February 2023.

All requests for copies of any of the above documents lodged at ASIC should be addressed to the Company Secretary of the Company or, in the case of the financial reports of the Company, can be viewed on the Company's web site - www.chesapeakecapital.com.au.

9.9 Taxation

Shareholders should be aware that there may be taxation implications of participating in the Offer and/or receiving New Shares. The taxation consequences of participating in the Offer and acquiring New Shares will vary depending on the individual circumstances of the participating Shareholder or investor. Shareholders and investors should consult their own professional taxation advisers to obtain advice in relation to the taxation laws and regulations applicable to their personal circumstances.

9.10 Litigation

As at the date of this Prospectus, the Directors of the Company are not aware of any actual, pending or threatened litigation or claim (or circumstances likely to give rise to any such litigation or claim) against the Company.

9.11 Interests of professionals and other advisers

Except as set out below or elsewhere in this Prospectus:

- (a) no person named in the Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus or as a promoter of the Company holds, or has held in the two years before the date of this Prospectus, any interest:
 - (i) in the formation or promotion of the Company;
 - (ii) in property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Offer; or
 - (iii) in the Offer; and
- (b) no amount has been paid or agreed to be paid and no value or benefit has been given or agreed to be given to any person named in the Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus or to any promoter of the Company for services provided in connection with the formation or promotion of the Company or the Offer.

Lawyers to the Company – Clayton Utz

Clayton Utz has acted as lawyers to the Company and advised in relation to the Offer. Clayton Utz's fees for this work up to the date of lodgement of this Prospectus are approximately \$17,000 plus GST. If additional work is performed by Clayton Utz for or on behalf of the Company, it will receive further fees for that additional work on the basis of its usual charge out rates.

9.12 Consents to be named and to the inclusion of information

Chapter 6D of the Corporations Act imposes a liability regime on the Company (as the offeror of Shares under this Prospectus), the Directors, any persons named in the Prospectus with their consent having made a statement in the Prospectus and persons involved in a contravention in relation to the Prospectus, with regard to misleading and deceptive statements made in the Prospectus. Although the Company bears primary responsibility for the Prospectus, the other parties involved in the preparation of the Prospectus can also be responsible for certain statements made in it.

Each of the parties referred to below in this Section 9.12:

- (a) does not make, or purport to make, any statement in this Prospectus other than those referred to in this Section; and
- (b) in light of the above, only to the maximum extent permitted by law, expressly disclaim and take no responsibility for any part of this Prospectus other than a reference to its name and a statement included in this Prospectus with the consent of that party as specified in this Section.

Underwriter

KNL Holdings Pty Ltd has given, and as at the time of lodgement of this Prospectus, has not withdrawn its consent to be named in the Prospectus as the Underwriter and to the inclusion in this Prospectus of the statements made by the Underwriter or concerning the Underwriter, or the statements based on statements made by the Underwriter or concerning the Underwriter in the form and context in which those statements appear in this Prospectus.

Legal Adviser

Clayton Utz has given, and as at the time of lodgement of this Prospectus, has not withdrawn its consent to be named in the Prospectus as the legal adviser to the Company and in relation to the Offer, in the form and context in which it is named.

Auditor

The Field Group has given, and as at the time of lodgement of this Prospectus, has not withdrawn its consent to be named in the Prospectus as the auditor of the Company in the form and context in which it is named and to the inclusion of extracts from the reviewed financial statements of the Company for the half year ended 31 December 2022.

Directors

Each of the Directors has given, and as at the time of lodgement of this Prospectus, has not withdrawn its consent to be named in the Prospectus as a Director and to the inclusion in this Prospectus of the statements made by him or concerning him or the statements based on statements made by him or concerning him in the form and context in which those statements appear in this Prospectus.

Proposed Directors

Each of the Proposed Directors has given, and as at the time of lodgement of this Prospectus, has not withdrawn his consent to be named in the Prospectus as a Proposed Director and to the inclusion in this Prospectus of the statements made by him or concerning him, or the statements based on statements made by him or concerning him in the form and context in which those statements appear in this Prospectus.

Barolo Investment Partners Pty Ltd

Barolo Investment Partners Pty Ltd has given, and as at the time of lodgement of this Prospectus, has not withdrawn its consent to be named in the Prospectus as an associate of the Underwriter and to the inclusion in this Prospectus of the statements made by Barolo Investment Partners Pty Ltd or concerning Barolo Investment Partners Pty Ltd, or the statements based on statements made by Barolo Investment Partners Pty Ltd or concerning Barolo Investment Partners Pty Ltd in the form and context in which those statements appear in this Prospectus.

9.13 Documents for inspection

Copies of the following documents:

- (a) the consents referred to in Section 9.12;
- (b) the Constitution;

will be available for inspection free of charge during business hours at the registered office of the Company from the date of lodgement of this Prospectus until the Closing Date.

9.14 Expenses of the Offer

The total estimated expenses of the Offer (payable by the Company on completion of the Offer) are as follows:

Estimated cash expenses of the Offer	Partially Underwritten	Fully Subscribed
	\$	\$
ASIC lodgement fee	3,200	3,200
Underwriting fees	\$nil	\$nil
Legal expenses	17,000	17,000
Printing, mailing and other expenses	100	100
TOTAL	20,300	20,300

These costs are payable by the Company and will be paid out of the proceeds of the Offer (assuming the Offer is successfully completed).

9.15 Investor considerations

Before deciding to participate in this Offer, you should consider whether the New Shares to be issued under the Offer are a suitable investment for you. There are material risks associated with any investment in an unlisted company with no record of prior success as an investment company. The value of the New Shares may rise or fall depending on a range of factors beyond the control of the Company and there is no ready market for the sale of the New Shares.

The potential tax effects of participating in the Offer will also vary between investors. If you are in doubt as to the course you should follow, or the possible tax consequences of participating in the Offer, you should seek advice on the matters contained in this Prospectus from a stockbroker, solicitor, accountant or other professional adviser.

9.16 Directors' statement

The Directors' report that, in their opinion, after having made relevant inquiries:

- (a) except as disclosed in this Prospectus, they are not aware of any circumstances that have materially affected or will materially affect the assets and liabilities, the financial position, the profits and losses, or the prospects of the Company on completion of the Offer; and
- (b) they have reasonable grounds to, and do, believe that this Prospectus contains no statements that are false or misleading and that there are no material omissions from this Prospectus.

9.17 Directors' Authorisation

This Prospectus is issued by the Company. It has been approved by unanimous resolution of the Directors of the Company.

In accordance with section 720 of the Corporations Act, each Director and Proposed Director has consented to the lodgement of this Prospectus with the ASIC.

Dated: 27 July 2023



Mr Aaron Constantine
For and behalf of Chesapeake Capital Ltd

10. DEFINED TERMS

Term	Meaning
ABN / ACN	Australian Business Number / Australian Company Number.
Acceptance Form	the acceptance form sent with this Prospectus that sets out the Entitlement of Shareholders to subscribe for New Shares pursuant to the Offer.
Additional New Shares	New Shares applied for by a Shareholder that are in excess of the Shareholder's Entitlement, on the terms set out in Section 4.2.
Applicant	A person who lodges an Application for New Shares in accordance with this Prospectus.
Application	An application for New Shares under this Prospectus.
Application Amount	The amount required to be submitted with an Application, being the Issue Price per Share, multiplied by the number of Shares applied for.
Acceptance Form	An application form attached to, or accompanying, this Prospectus upon which an Application for New Shares may be made.
Application Monies	The amount payable on lodgement of each Application, being the Issue Price multiplied by the number of Shares applied for.
ASIC	Australian Securities and Investments Commission
ASX	ASX Limited ACN 008 624 691 or the Australian Securities Exchange, as the context may require.
AUD or \$ or A\$ Australian Accounting	Australian dollars.
Standards	Accounting standards set by the Australian Accounting Standard Board for the purposes of section 334 of the Corporations Act.
Board	The board of Directors from time to time.
Closing Date	The last date for the receipt of accepting of the Offer (by returning the relevant Acceptance Form), being 5.00pm Perth time on 25 August 2023.
Chesapeake or the Company	Chesapeake Capital Ltd ACN 106 213 772.
Constitution	The constitution of the Company from time to time.
Corporations Act	Corporations Act 2001 (Cth).
Directors	The directors of the Company from time to time.
Eligible Shareholder	A Shareholder whose details appear on the Company's Register as at the Record Date.
Entitlement	The entitlement of an Eligible Shareholder to apply for New Shares pursuant to the Offer.

Exposure Period	The period of 7 days after the date of lodgement of the Original Prospectus with ASIC or, if ASIC has given written notice to the Company under section 727(3) of the Corporations Act extending the period, the period of 14 days after lodgement of the Prospectus.
GST	Goods and Services Tax and GST Act means the Goods & Services Tax Act 1999.
Investment Portfolio	The portfolio of cash, securities and other assets and liabilities (pre tax) of the Company to be invested and otherwise managed by the Company managed in accordance with the investment objectives and strategies set out in this Prospectus.
Issue Date	The date of Issue of the New Shares.
Issue Price	The issue price of the New Shares under the Offer, being \$0.05 cents per New Share.
New Share	The Shares proposed to be issued pursuant to this Offer, including all Shares issues pursuant to the Top-up Facility.
Offer	The non-renounceable rights issue to subscribe for 2 New Shares for every 3 Shares held by each Shareholder at the Record Date.
Offer Period	The period from the Opening Date to the Closing Date.
Opening Date	The opening date of the Offer which is 4 August 2023 (subject to the right of the Company to vary the date without notice).
Prospectus	The prospectus in respect of the Offer as lodged with ASIC on or about 27 July 2023 and any supplementary or replacement prospectus in relation to this document.
Record Date	27 July 2023.
Register	The register of Shareholders.
Relevant Interest	Has the same meaning as provided in the Corporations Act 2001.
Share	A fully paid ordinary share in the capital of the Company and Shares has a corresponding meaning.
Shareholder	A registered holders of Shares from time to time, and Shareholders has a corresponding meaning.
Shortfall	New Shares not subscribed for under the Offer or offer of Additional New Shares.
Underwriter	KNL Holdings Pty Ltd as trustee for the KNL Trust, a company associated with Mr Greg King and Mr Steve Lauder.
Underwriting Agreement	The Underwriting Agreement dated on or about 26 July 2023 entered into between the Company and the Underwriter.
Underwritten Amount	\$98,154.

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Acceptance Form