

Chesapeake Capital Limited (“Chesapeake” or the “Company”) is a Pooled Development Fund (“PDF”) that seeks to invest in a concentrated portfolio of generally listed companies, through the provision of new equity capital under the PDF framework so as to generate returns in excess of the S&P Small Ordinaries Accumulation Index. PDFs can only invest in companies with total assets of less than \$50m (but can retain investments if investee’s assets subsequently exceed \$50m, subject to Innovation Australia approval). The investment framework can be summarised as:

- Investments must be made by subscribing for new ordinary shares.
- Investments by a PDF must represent 10% or more of the “Issued Capital” of the investee company.
- Individual investments cannot constitute more than 30% of the PDF’s “Issued Capital.”
- In securing a variation to its Investment Plan from Innovation Australia, Chesapeake Capital Limited may “acquire less than 10 percent of the shares in an investee without first seeking approval from the Board” in the following circumstances:
 - where the PDF co-invests with another PDF, and they concurrently invest at least 10 percent of the total of all amounts paid on the shares in the investee company; and/or
 - where the PDF invests at least \$500,000 into the investee company.
- PDFs cannot invest in businesses whose primary activities are retail operations or property development.

Performance As at 30 June 2018	Mar’18 Quarter	Jun’18 Quarter	FY ‘18 Unaudited	FY’17	FY’16	Since Inception
Chesapeake Capital Limited *	+7.2%	-6.3	-5.6%	+9.2%	+45.7%	+45.3%
Small Ordinaries Accumulation Index	-2.8%	+7.7%	+24.2%	+7.0%	+14.4%	+52.1%
All Ordinaries Accumulation Index	-3.7%	-8.0%	+13.7%	+13.1%	+2.0%	+31.2%

* Initial investment capital available from late June 2015 was \$1.51m so returns have been calculated from that reference point.

June Quarter marked the end of a tough year for Chesapeake with a negative result whilst benchmark indices did well, clearly disappointing the Board. Turning a large but illiquid gain in AssetOwl into a small loss accounted for much of the year’s overall disappointment, whilst delays in delivering ASX listings for the two unlisted investments constituting 32% of the investment portfolio dragged. That said, the Axesstoday investment has been outstanding (up to 240%). Some \$0.3m of options were exercised largely by Directors at year end with the closing NTA of 24.7¢ inclusive of net cash of \$0.33m. Sales across July has increased cash to circa \$0.65m, being 19.3% of \$3.4m of assets. The Axesstoday and Babylon investments offer particular promise, and with cash at hand, new opportunities continue to present.

Existing Investments



AssetOwl Limited (ASX code: AO1) AssetOwl is an innovative information technology and software development company which has developed an enterprise software Management Platform. Initially applicable to retailers but now particularly focussed on property management as a pathway to commercialisation. The source of a strong gain in a low liquidity market in FY’17 the difficulties in getting traction in a volatile market gave rise to a difficult FY’18 with the shares becoming the primary source of performance disappointment. A capable major shareholder, “shell value” and prospects warrant holding this position, which offers leverage.



Axesstoday Limited (ASX code: AXL) Axesstoday is a rapidly growing specialist provider of equipment finance for small to medium-sized enterprises (“SME’s”). Broker research continues to volunteer much higher share price valuations. Our standout investment.



Babylon Pump and Power Limited (ASX code: BPP) Babylon is executing a specialist pump and power development strategy. This is an excellent team, well known to and highly regarded by Chesapeake Directors. Well capitalised with opportunity ahead of it Babylon is highly leveraged to the resources sector recovery. Babylon is doing what is expected. News flow has begun to emerge with commercial progress being made.





www.grdfranmarine.com.au

CleanSubSea Limited (unlisted) is a Western Australian based public unlisted company which owns all licenses and patents associated with a revolutionary new fully enclosed capture and containment hull cleaning technology called the "Envirocart". The Envirocart is the only in-water hull cleaning technology on the global market that is capable of meeting the current water discharge quality guidelines and the new Australian Department of Agriculture, Fisheries and Forestry ("DAFF") In-water Hull Cleaning guidelines. The Company raised circa \$4.8m at 30¢ per share through Morgan's et al over the past 2 years. Its progress towards an ASX listing has stalled in recent months as the Directors continue to assess the best route to strategic commercialisation of the technology and interact with several strategic investors of potential consequence.



www.podiumminerals.com

Podium Minerals Limited (ASX code: POD) is a Western Australian platinum group metals resources development company. Chesapeake became a shareholder as a consequence of its investment in AssetOwl, which sold the Rum Jungle tenements to Podium, and distributed the scrip proceeds in-specie. Podium has been releasing positive drilling results and over the next months is expected to release a maiden resource. The shares are thinly traded and dependent upon a maiden resource expected out shortly might prove to be significantly undervalued.



www.sayonamining.com.au

Sayona Mining Limited (ASX code: SYA) is advancing their lithium project towards production and Chesapeake participate in an over-subscribed share placement of \$11.1m. The holding has subsequently been substantially reduced into liquidity.



www.speqs.com

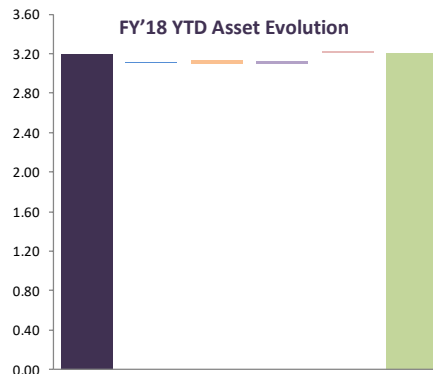
SPEQS Pty Ltd (unlisted) SPEQS is seeking to become a major force in the retailing of eyewear through online channels. In an industry sector open to disruption SPEQS has ready to use proprietary mobile phone app technology, channel partner agreements supported by private health funds, international technology rights for facial imaging and eyewear and a motivated and experienced management team. SPEQS proposed IPO through Argonaut has been delayed with management focussed on commercialisation.

Corporate Snapshot

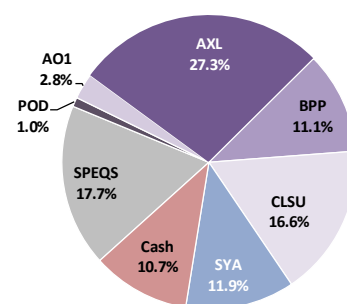
This snapshot reflects Chesapeake's evolution since 1 July 2017 and the make-up of its asset base as at 30 June 2018. The unaudited NTA was \$3.24m (24.7¢ per share) with cash of circa \$0.33m.

As At 30 June 2018	\$'m
1 Jul 17 Opening Net Assets	3.19
New Capital	0.31
Investment Gains	-0.21
Operating Costs	-0.06
Provision for Taxation YTD	-0.03
Net Tangible Assets	3.24
Shares on Issue:	13.14m
Number of Shareholders:	510

FY'18 YTD Asset Evolution



Indicative Distribution of Assets



Directors	Role	Shareholding
James Cullen	Executive Chairman	14.7%
Aaron Constantine	Non Executive Director	18.4%
Ian Macliver	Non Executive Director	5.1%
Bernard Romanin	Non Executive Director	0.4%

Index	30 Jun '15	30 Sept '15	31 Dec '15	31 Mar '16	30 Jun '16	30 Sept '16	31 Dec '16	31 Mar '17	30 Jun '17	30 Sept '17	31 Dec '17	31 Mar '18	30 Jun '18
S&P/ASX Small Ords Accumulation	5,352	5,143	5,725	5,784	6,122	6,642	6,479	6,574	6,552	6,841	7,776	7,560	8,140
All Ordinaries Accumulation	47,575	44,820	47,788	46,664	48,530	51,100	53,353	55,757	54,897	55,460	60,007	57,791	62,434
S&P/ASX Emerging Companies Index (XEC)	1,003	1,025	1,072	1,113	1,277	1,404	1,316	1,284	1,221	1,307	1,522	1,482	1,479
	30 Jun '15	30 Sept '15	31 Dec '15	31 Mar '16	30 Jun '16	30 Sept '16	31 Dec '16	31 Mar '17	30 Jun '17	30 Sept '17	31 Dec '17	31 Mar '18	30 Jun '18
Net Tangible Assets (\$'m)	1.51	1.55	1.78	1.97	2.20	2.16	3.06	3.66	3.19	3.17	2.99	3.23	3.24
NTA per Share (¢)	17.0	17.4	18.1	22.1	24.6	24.2	25.7	30.7	26.8	26.6	25.3	27.1	24.7
Change in NTA per Share (%)	N/A	2.3	4.0	22.1	11.3	-1.6	6.1	19.6	-13.1	-0.6	-6.1	7.2	-8.8
S&P/ASX Small Ords Accum Index (XSOAI)	5,352	5,143	5,725	5,784	6,122	6,642	6,479	6,574	6,552	6,841	7,776	7,560	8,140
S&P/ASX All Ordinaries Accum Index (XAOAI)	47,575	44,820	47,788	46,664	48,530	51,100	53,353	55,757	54,897	55,460	60,007	57,791	62,434

* Initial investment capital available ** Includes \$0.75m of new capital in late December 2016

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