

CHESAPEAKE CAPITAL

September Quarter 2020 | Investment Update

About Chesapeake Capital

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”.
- PDFs cannot invest in businesses whose primary activities are retail operations or property development.

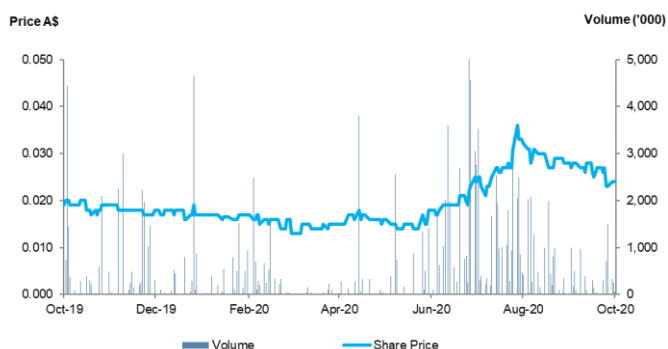
Performance Update

As at 30 September 2020	Sept'20 Quarter	Jun'20 Quarter	Mar'20 Quarter	FY'20
Chesapeake Capital Limited	+30.2%	+54.8%	-30.7%	-5.5%
Small Ordinaries Accumulation Index	+5.4%	+23.9%	-26.7%	-5.6%
All Ordinaries Accumulation Index	+1.3%	+17.8%	-23.9%	-7.2%
Emerging Companies Index	+20.6%	+44.7%	-38.7%	-3.3%
Chesapeake Capital Limited NTA (unaudited)	\$3.50m	\$2.69m	\$1.74m	

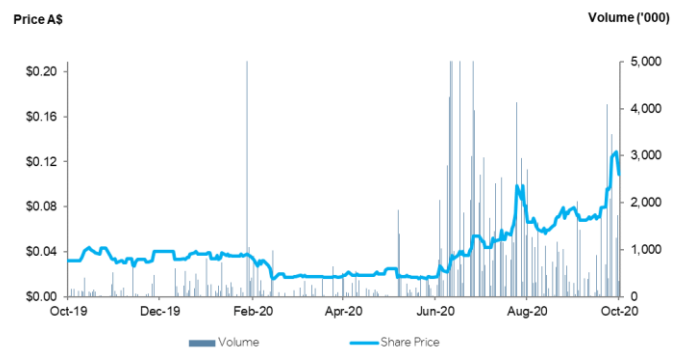
Overview

The June quarter momentum continued into the September Quarter with Chesapeake’s portfolio valuation (liquid assets less tax liability) at 30 September 2020 increasing to \$3.50m. Core to this performance was the growth in the share prices of both Babylon and Podium Minerals. These two holdings have come to represent almost 60% of the portfolio of nine shareholdings plus \$0.24m of cash (6.5%)

BPP 12 MONTH PRICE CHART



POD 12 MONTH PRICE CHART



Market interest in Podium Minerals (of which Chesapeake owns 4.4%) appears to have been driven from continued interest in precious metals and particularly in Chalice Gold Mine’s Julimar discovery in Western Australia. Chalice’s market capitalisation has risen from \$32m earlier this year, to \$342m at the end of September and now, to circa \$882m with drilling continuing. That is the key – drilling in this market – and now of course delivering results continuously.

Podium’s quarterly suggests it has funding to drill. Its inferred reserve of 1.14m oz’s of platinum, palladium, and gold = 3E (E = elements) PGM along with 37,000t of copper is anticipated to increase following of its last drilling campaign of 1,870m. Anecdotally increasing the length of the reserve block to 8.5km - i.e. adding 20% in length might increase the reserve proportionally. Podium has scheduled 6,000m of systematic resource drilling commencing in November along the full strike length plus exploration of the western extension. Podium has advised a resource upgrade from the 1,870m of drilling so maybe 6,000m sees the resource growth trajectory into low end of the stated exploration target of 3.1m to 5.8m ounces. It appears that its market capitalisation of \$33m, @ 13c per share, allows considerable upside if drilling increases resources. The company’s website spells it all out.

As we put pen to paper the value of Chesapeake’s portfolio is circa \$4.3m before tax.

Key Investments



Engages in the development of technology and software for the residential real estate sector. The investment has been reduced and represents circa 1.4% of total assets.



Specialist in diesel driven pumping and power generation equipment. Rents, services and supplies to tier 1 clients in the Western Australian and Queensland resource sector.



A Western Australian gold explorer drilling at its Lake Roe project which has a 1m oz resource. With a significant drilling program underway this resource is expected to grow creating value for shareholders from what appears to be a discounted position.



A Western Australia gold explorer in which a 10% stake was acquired at 0.4cps. Considerable profits were taken at 1cps plus with a small residual holding leveraged to exploration success.



Provides waste management services to domestic, industrial and local government clients in Western Australia. It operates through three segments – waste management, operations and maintenance, and landfill.



A medical technology company that researches, develops and commercialises non-toxic technology products with efficacy in eradicating biofilm based and free-floating bacteria in the United States and Australia.



Exploring for platinum group metals at Parks Reef located in the midwest region of Western Australia and as articulated in the Overview – enjoying success.



A Western Australian gold explorer drilling at its Apollo Hill project which has a current 781,000 oz mineral resource. With significant drilling program underway this mineral resource is expected to grow creating value for shareholders.

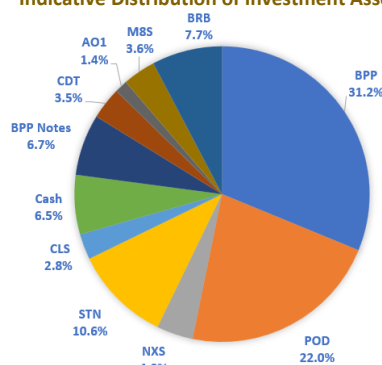
Corporate Snapshot

This snapshot reflects Chesapeake's evolution since inception with the make-up of its asset base as at 30 September 2020 provided below. The unaudited NTA was \$3.50m (25.0¢ per share) with cash of circa \$0.24m.

Directors	Position	Related Shareholding
James Cullen	Non Executive Director	14.9%
Aaron Constantine	Non Executive Chairman	19.9%
Ian Macliver	Non Executive Director	4.8%
Bernard Romanin	Non Executive Director	0.3%

As At 30 September 2020	\$'m
1 Jul 20 Opening Net Tangible Assets	2.69
New Capital	0.00
Investment Gains	0.99
Operating Costs	(.02)
Income Tax	(.16)
Net Tangible Assets	3.50
Shares on Issue (m):	14.00
Number of Shareholders:	523

Indicative Distribution of Investment Assets



	30 Jun '15	30 Jun '16	30 Jun '17	30 Jun '18	30 Jun '19	30 Sept '19	31 Dec '19	31 Mar '20	30 Jun '20	30 Sept '20
Net Tangible Assets (\$'m)	1.51*	2.20	3.19	3.26	2.79	2.77	2.51	1.74	2.69	3.50
NTA per Share (¢)	17.0	24.6	26.8	24.7	20.0	19.8	17.9	12.4	19.20	25.0
Change in NTA per Share (%)	N/A	11.3	-13.1	-8.8	7.8	-0.1	- 11.1	- 30.7	54.80	30.2
S&P / ASX All Ordinaries Accum Index (XAOAI)	47,575	48,530	54,897	62,434	69,326	71,282	71,813	54,634	64,231	65,039
S&P / ASX Small Ords Accum Index (XSIOAI)	5,352	6,122	6,552	8,140	8,296	8,555	8,620	6,316	7,826	8,270
S&P / ASX Emerging Companies Index (XEC)	1,003	1,277	1,221	1,479	1,411	1,593	1,538	943	1,365	1,646

* Initial net investment capital available post resurrection of the PDF Corporate Entity

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