

To our Shareholders

Since our last investor communication following completion of the \$0.5m Rights Issue, we continue to focus on minimising the Company's operating costs and have reviewed our investments. We have begun to pivot the portfolio with three new investments and a cautious reduction in existing investments. Whilst the stock market headlines have been positive as a function of 'leaders', smaller and resource companies have struggled as witnessed by the deterioration in sectors such as lithium, nickel and rare earths across 2024. Tax selling in many companies sent share prices tumbling into 30 June 2024.

At 30 June 2024, the value of the portfolio stood at \$1.6m (6.4¢), having elected to carry the M8 Sustainable investment at \$0 value while it remains suspended. That company went through an administration process and continues to exist but has not distinguished itself in communicating with its shareholders who provided significant equity capital to its Western Australian waste management endeavours. Enquiries of the company have been inconclusive as to the company's going forward status, hence the write down decision.

Cash at 30 June 2024 stood at \$0.23m (14% of the portfolio). The market value of investee companies was:

Security	Value
BCI Minerals	\$176,000
Babylon Pump & Power	\$276,475
Cauldron Energy	\$83,953
Cauldron Energy (Listed Options)	\$24,269
CleanSubSea	\$178,571
M8 Sustainable	\$0
Ora Gold	\$125,689
Podium Minerals	\$333,000
WA Kaolin	\$71,667
Whitehaven Coal	\$178,245
Total	\$1,447,870

Reviewing the investments we have provides an authentic view of where we are currently at.

BCI Minerals (BCI: 10.7% = \$0.18m) is a new investment made during the half as the company raised \$315m of new equity at 25¢ to complete its Mardie salt project in the Pilbara with first salt shipments slated for 2026. The new issue was significantly supported by the Kerry Stokes Group and Australian Super and the project is approaching 50% completion. A multigenerational 'industrial minerals project' we have interacted closely with the management and built a significant level of confidence around the company.

The underwriter of the new equity issue was Canaccord, who recently published research valuing the shares at 49¢. The 30 June 2024 share price was 22¢ and at the date of writing 24¢.

Babylon Pump and Power Limited (BPP: 16.7% = \$0.28m) has been a long term 'PDF' investment for us in the mining services sector. We are under water with the share price at 0.50¢ v a cost of 1.1¢ but have never been short of conviction here. We do know mining services are alive to the market difficulties the sector has experienced over the last 18 months but with strengthening of the Board 18 months ago, strategic discipline, incremental acquisitions and hard work, the company is making good progress as demonstrated by a record result for 2024 - \$42m of revenue and \$6m EBITDA - painting a picture of ongoing growth potential. Further growth in earnings and cashflow coupled with an increase in market interest opens up the prospect of share price recovery in 2025. Generally, our observation is that the shareholder base is stable and supportive and capable of embracing progress and supporting further acquisitions as the story begins to unfold in the market. PAC Partners recently initiated research with a buy rating and valuation of 0.84¢.

CleanSubSea Limited (unlisted: 10.6% = \$0.18m) has been a long term 'PDF' investment which has struggled to commercialise its once very promising vessel hull cleaning technology. A significant capital raising last year gives the company runway.

Cauldron Energy Limited (CXU: 6.5% = \$0.11m) is the owner of a material uranium deposit in Western Australia and was a modest (\$30k) investment in 2023 as the company re-capitalised and re-energised ahead of the uranium run of 2024. At 30 June 2024, it had delivered 4.3x (off its highs) and we had whittled away at the investment working to retrieve our outlay. At present, the company cannot mine its Yanrey Asset which hosts the Bennett Well ISR uranium deposit (containing 38.9 mt at 360ppm for 30.9 mlb of U308). But times are starting to show signs of change. Cauldron owns an advanced project having completed a Scoping Study in late 2023. It's of decent scale with current drilling targeting resource expansion. This company is highly leveraged to a change in WA Government policy. Euroz initiated research with a share price target of 8¢ (2.4¢ at 30 June 2024).

Ora Gold Limited (OAU: 7.1% = \$0.12m) To date we have doubled our money on this small investment made in 2023 with significant leverage to the gold price and production earnings. A discovery in 2023 has been a game changer for this junior gold explorer. Located close to Meekatharra in WA, Ora's Crown Price project is a shallow high grade open pit development with a total resource now of 240koz @ 4.1gpt. Shallow high grade mineralisation at mineable widths with straightforward metallurgy is a rarity in WA and should facilitate a short but profitable initial 2 year open pit operation that generates significant cash flows v a low \$33m market capitalisation. A strategic alliance with Westgold (now owns 15%) validates the asset quality, with both companies working towards an Ore Purchase Agreement in the coming months. This would see both companies benefit from processing material through Westgold's Bluebird Mill (33km from the Crown Price project). Argonaut initiated research coverage with a 1.8¢ share price target which implies 3x from current share price (with further upside from our free option exposure).

Podium Minerals Limited (POD: 19.6% at \$0.33m). We watched it run hard to deliver an excellent resource and technical progress only to give all our gains back as the PGM prices retracted. Podium is a very well led, conservatively run company with a significant PGM resource capable of enormous growth potential, but not without its challenges. Management appears to be systematically working through the metallurgical process and the stock is highly leveraged to a PGM price

recovery which hybrid vehicle sales strength offers. We have lightened the holding and taken some profit off the table given its relative weighting but retain a strong level of conviction in the story.

WA Kaolin Limited (WAK: 4.2% = \$0.07m) has struggled across 2024 as bottlenecks have limited production volumes of the high value higher purity products. The share price exhibited thin trading at 4.3¢ at 30 June 2024 but the company did raise \$6.5m at 6¢ largely from its major shareholders who are regarded as very successful business people. Of the funds raised \$3m is for the engineering solutions identified, tested and being implemented over coming months to improve purity with independent engineering oversight and the balance of the funds raised are for working capital. Solve the engineering issue and commence sales of the higher purity product and the share price has significant leverage from here.

Whitehaven Coal Limited (WHC: 10.7% = \$0.18m) has acquired the Blackwater and Daunia metallurgical coal mines from BHP, transforming the business mix to 70% Met 30% Thermal. This transaction was done without issuing any shares and will result in significant long-term value to its owners. WHC continues to benefit from the high level of difficulty in getting new "fossil fuel" projects approved and built. The time and complexity in getting new mines built makes permitted and producing assets more valuable.

Since 30 June 2024, we have added holdings in Woodside Energy and Alibaba Group to the portfolio.

Over the balance of 2024, the portfolio will evolve with a broadening and rotation of its holdings.

Closing

Thank you for your continued support of Chesapeake Capital. Please feel free to contact us should you have any questions.

Aaron, Jamie, Greg and Steve