

About Chesapeake Capital

Chesapeake Capital Limited (“**Chesapeake**” or the “**Company**”) commenced as a Pooled Development Fund (“**PDF**”) investing in a concentrated portfolio of generally listed companies. By 2014 its assets were exhausted with liabilities at hand. It was renamed and recapitalised with a new Board at the end of FY2015, commencing with circa \$1.5m of investable capital. PDF status was relinquished in December 2020.

Performance Update

As At 31 March 2023	Mar '23 Quarter	Dec '22 Quarter	Sep '22 Quarter	Jun '22 Quarter
Chesapeake Capital NTA (unaudited @ cost)	\$2.39m	\$2.39m	\$2.45m	\$2.58m
Chesapeake Capital NTA (unaudited @ market)	\$1.71m	\$2.43m	\$2.28m	\$3.49m
Chesapeake Capital NTA @ market change (excl. div)	-29.6%	+6.6%	-34.6%	-43.7%
Small Ordinaries Accumulation Index	+1.9%	+7.5%	-0.4%	-20.4%
All Ordinaries Accumulation Index	+3.6%	+8.8%	+0.8%	-12.9%
Emerging Companies Index	+1.6%	+2.3%	+4.1%	-28.2%

Overview

With the share price leaking away on thin trading volumes, a decision by Podium Minerals Limited (our core asset) to launch a Share Purchase Plan to its shareholders at 7.2¢ps on 14 March 2023 crunched its market capitalisation just as the company announced a breakthrough in mineral processing under certain atmospheric leach conditions achieving world leading platinum recoveries > 90%.

Since advising of an unlocking of the mineral processing pathways in November 2022, the development of Podium’s mineral processing strategy continues to be its key focus. Podium’s Investor Presentation articulates its Parks Reef Project as a globally significant resource with 6m ozs of 5E PGM + Cu + Ni + Co with an indicative weighted basket price of circa A\$3,922/oz suggesting significant value in the ground. The existing resource is defined only to circa 250m below surface, has been successfully drilled to 500m to test continuity and has planned depth investigation via geophysical testing to circa 2kms deep. This highly mineable resource presents as relatively cheap in what is now a generally beaten up domain of similar companies but our conviction remains, believing with funding in place to take the company into 2024, progress on the metallurgical processes can create value (in addition to the current value).

The Company believes that geophysical testing might advance the geological resources model towards “indicated” status which could also add value. Rising metal/PGM prices might be the key catalyst for a recovery in the share price. The Share Purchase Plan closed on 12 May 2023 and the outcomes became a key consideration to Chesapeake’s proposed Rights Issue.

As a consequence the market value of the portfolio slumped to 11.32 ¢ps (-29.6% on a mark to market basis).

WA Kaolin provided a constructive market update advising continuing ramp up towards stage 1 name plate capacity of 200,000 tpa and is closing in on sustainable production of its full suite of products. The Company has a strong group of key investors backing its multi generational production outlook.

Babylon Pump and Power appears to be going from strength to strength with a positive trading update. Small investments in Cauldron Energy (a large WA based uranium deposit) and Ora Gold (WA based gold explorer seeking to expand its Meekatharra deposit) offer some real leverage to outcomes. Our M8 Sustainable gone from a takeover offer, to a funding dispute to administration and it will be interesting to see how the Directors resolve this to the best advantage of shareholders. On a positive front our unlisted investment Clean Subsea recently raised \$10m @ 6¢ps securing its future endeavours.

Corporate Affairs

As advised in the December Quarter 2022 Investment Update Chesapeake was:

1. Undertaking a Compulsory Acquisition of Unmarketable Parcels.
2. Following 1) above intended to undertake a Rights Issue to raise circa \$0.5m.
3. Introduce two new Directors (Greg King and Stephen Lauder) upon completion of the contemplated Rights Issue.

The Compulsory Acquisition process proceeded appropriately but on a longer than anticipated time frame. From 452 shareholders of whom some 399 had Unmarketable shareholdings with a value of as low as \$3, some 379 participated in the acquisition process and as a result the number of shareholders has reduced from 452 to 79, representing an 83% reduction. This came to a conclusion on 24 March leaving Chesapeake with 79 shareholders of which 19 have shareholdings of <\$100 in value. This will reduce administrative costs and now allows the Company to proceed with the rights issue.

With this process complete, we have now turned our mind to the Rights Issue which is to be made equitably to all shareholders. As previously communicated, Chesapeake proposed to proceed with a rights issue. Messrs. King and Lauder will join the Board at the completion of the rights issue.

With the reduction in the NTA as the Podium share price absorbed the company’s new issue the proposed underwriters of the Rights Issue invited Chesapeake and its Board to reconsider the proposed issue price and volunteered 5¢ps. This matter has been under consideration.

As the proposed issue is a Rights Issue, it is therefore equitable to all shareholders and the issue price is one which Messer’s King and Lauder are prepared to underwrite to a level that will be limited to their combined shareholding not exceeding 19.9% The Board has accepted the offer to proceed believing in the current market environment the discount is reasonable, that the additional cash equity will facilitate flexibility and afford opportunity. The Rights Issue itself with >50 shareholders will require a Transaction Specific Prospectus, and this is being prepared. The Directors propose to participate.

Corporate Snapshot

The make-up of Chesapeake's asset base and P&L at 31 March 2023 is provided below, reflecting NTA (calculated as a share trader) of \$2.34m and noting that the marked-to-market unaudited valuation is \$1.71m (11.3¢ per share).

As At 31 March 2023	\$'m	Directors and Related Shareholding	Indicative Distribution of Investment Assets
1 Jul 2022 Opening Net Tangible Assets	2.58	Aaron Constantine Group Non Executive Chairman 20.6%	<ul style="list-style-type: none"> ■ WRI ■ OAU ■ CXU ■ BPP ■ CLSU ■ M8S ■ POD ■ WAK ■ Cash
Investment Gains (Losses)	(0.10)	James Cullen Group Non Executive Director 15.5%	
Operating Costs	(0.19)	Ian Macliver Non Executive Director 5.4%	
Income Tax (Expense) Benefit	0.10	Bernard Romanin Non Executive Director 0.5%	
Net Tangible Assets at 31 December 2022	2.39		
Number of Shares on Issue (m)	15.12		
Number of Shareholders	73		

	30 Jun 20	30 Jun 21	30 Sep 21	31 Dec 21	31 Mar 22	30 Jun 22	30 Sep 22	31 Dec 22	31 Mar'23
Net Tangible Assets (\$'m) (unaudited @ cost)	-	-	-	2.61	2.59	2.58	2.45	2.39	2.39
Net Tangible Assets (\$'m) (unaudited @ market)	2.69	6.70	5.39	4.76	6.20	3.49	2.28	2.43	1.71
Shares on Issue (m)	14.00	14.00	14.00	14.00	15.12	15.12	15.12	15.12	15.12
NTA per Share (¢) (unaudited @ market)	19.2	47.8	38.5	34.0	43.9	24.7	15.1	16.0	11.3
Dividend (¢ps)	-	-	-	-	3.0	-	-	-	-
Franking (%)	-	-	-	-	100.0	-	-	-	-
S&P/ASX Small Ords Accum Index (XSOAI)	7,826	10,427	10,785	11,005	10,540	8,391	8,352	8,981	9,150
S&P/ASX All Ords Accum Index (XAOAI)	64,231	83,786	85,502	87,626	89,045	77,551	78,174	85,033	88,105
S&P/ASX Emerging Companies Index (XEC)	1,365	2,144	2,535	2,741	2,733	1,962	2,043	2,091	2,124

* Initial net investment capital available post-resurrection and recapitalisation

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