

MARKET ANNOUNCEMENT

Investment Strategy and Company Update

Bentley Capital Limited (**Bentley**) (ASX: BEL) is pleased to provide shareholders with the following update on progress of the Company's previously announced investment strategy.

Overview

The Company has made significant progress since the beginning of the year with implementing its investment strategy:

- Formal appointment of a Chief Investment Officer (CIO) and Investment Analyst based in the Sydney office
- First significant strategic investment in MEO Australia Limited (ASX: MEO)
- Several smaller investments which may lead to greater participation
- Assessment and analysis of a large number of investment opportunities

Investment Strategy and Focus

On 10 May 2010¹, the Company announced its ongoing investment strategy as follows:

To focus its activities on several key well defined investment sectors which it believes offer the opportunity to collectively generate overall returns for shareholders materially in excess of the benchmark ASX All Ordinaries Index (XAO). These sectors are:

- *Strategic investments in listed companies with either an active or passive participation;*
- *Corporate financing;*
- *Promotion of IPO's; and*
- *Participation in, and funding of, corporate restructurings.*

¹ Refer ASX market announcement dated 10 May 2010 and entitled "[Appointment of CIO and Implementation of Investment Strategy](#)"

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Bentley's investment universe principally comprises:

- ASX listed companies with market capitalisation under \$100m, with a "sweet spot" of up to \$30m
- ASX "shells" and restructuring situations with market caps of less than \$10m
- Unlisted companies with an enterprise value of less than \$20m if a clear plan for seeking ASX listing is in place

Bentley is currently focused on the following sectors:

- Energy (oil, gas, coal, alternatives, renewables)
- Metals (gold, iron ore, copper, rare earths)
- Other mineral resources
- Technologies and services, especially in resources and mining
- Fast growing creative and information-based businesses
- Distressed / turnaround / pre or post insolvency situations

The size of any one investment will be carefully weighed in relation to the overall capital base of the Company with a view that there should be a prudential exposure to any single investment.

If the size of the investment is material to an investee company, Bentley aims to take an active role in the strategic direction of such companies by seeking a seat on the Board or collaboration with management, with the common objective of adding shareholder value.

MEO Australia Limited (MEO)

The Company can report pleasing progress with its investment in ASX listed natural gas explorer and developer MEO, in which the Company holds a 5% interest.

Since making the investment, MEO has added substantially to its oil and gas exploration acreage portfolio, recently adding new permits in the Timor Sea and Indonesia. MEO has also secured a landmark farm-in joint venture deal with Italian energy major ENI over the prospective Heron gas field in the Timor Sea.

MEO's current market capitalisation is substantially underpinned by cash, and Bentley continues to hold the opinion that there is considerable upside in the value of MEO's energy assets.

Other Recent Investments

The Company has taken minority seed investments in two unlisted companies. The first company has secured a number of Bowen Basin coal tenements and plans to list in ASX during the current half year. The second position is in a rare earths exploration company with medium term plans to IPO. In both cases, the Company's initial investment is small but Bentley is positioned to be able to increase its participation if and when these companies head to market.

FSP Equities Leaders Fund (FSP Fund)

Bentley continues to have the majority of the Company's funds held under management by Sydney based fund manager, FSP Equities Management, in the FSP Fund. The objective of the fund is to outperform the S&P/ASX 200 Accumulation Index over the medium term. The investment manager is "style neutral" and invests in growth stocks, value stocks, stocks with maintainable dividend yields and special situations.

Bentley intends progressively reducing its investment in the FSP Fund, as funds are deployed into various direct and strategic investments under its stated Investment Strategy. Bentley will however maintain an exposure to the market whilst funds are not fully deployed under such strategy by retaining funds in the FSP Fund.

New Investment Team

The Company appointed Ben Loiterton as Chief Investment Officer (CIO) in November 2010. Ben has held various senior executive roles in principal investing, asset management, private equity, venture capital, and property funds management. He also has an extensive background in corporate finance advisory and equity capital markets, largely focused on small and micro-cap ASX companies.

Ben is supported by an Investment Analyst, who has experience as an equities manager and a background in fundamental research, company valuations and portfolio construction with a focus on small-cap companies.

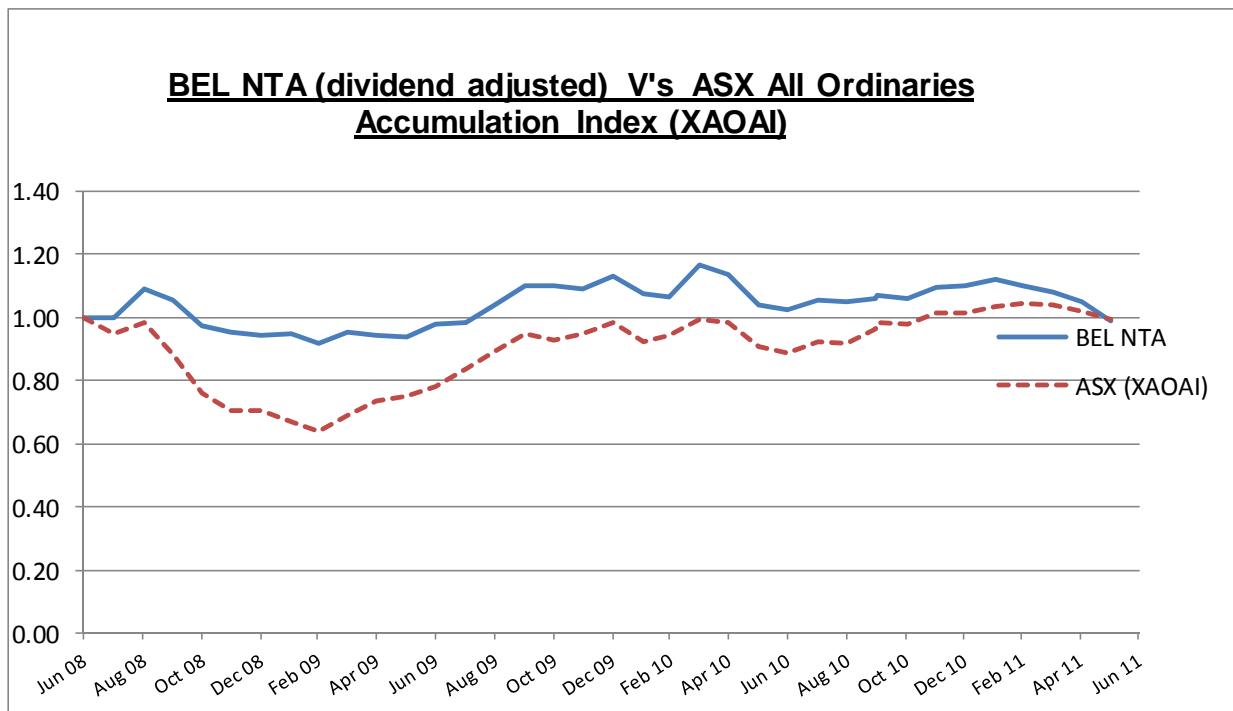
The investment team is based in Bentley's Sydney office. The CIO is a member of the Company's Investment Committee which also comprises Farooq Khan (Executive Chairman), William Johnson (Executive Director) and Victor Ho (Company Secretary).

Net Tangible Asset Discount

The Company remains concerned that its share price continues to trade at a discount to NTA. The Company believes that the successful implementation of the investment strategy - as measured by the consistent outperformance by the Company relative to the ASX All Ordinaries Index - will attract investors to the Company's shares and in so doing lower or eliminate the share price discount to NTA.

Company Performance

The performance of the Company since June 2008 (measured by its NTA, adjusted for dividends paid) has exceeded that of the ASX All Ordinaries Accumulation Index during the same period. Whilst this represents a superior market return, the Company's objectives are, through the implementation of its Investment Strategy to better this performance.



Dividend Yield and Dividend Track Record

Bentley paid two cents of fully franked dividends during the financial year (in March 2011 and September 2010), which represents a grossed up dividend yield of 12.2% (2010: 9.2%) based on Bentley's volume weighted average share price of 23.6 cents (2010: 31.1 cents) during the financial year.

Bentley has a consistent track record of paying dividends, there being only three years² in the Company's 25 year history as a listed investment company in which the Company has failed to pay a dividend.

Latest Taxation Position and Franking Credits

The Company has substantial prior year tax losses and franking credits:

- Approximately \$3.24 million being the tax effect value of prior year carried forward tax losses (as at 30 June 2011). This is equivalent to \$0.04 per share; and
- Approximately \$2.40 million of franking credits (as at 30 June 2011). This provides the Company with the capacity to pay fully franked dividends totalling \$5.61million.

Recent changes to the Corporations Act, which permits the payment of dividends based on a company solvency test and not based on whether a company has a net profit, ensures Bentley's capacity to continue to pay regular fully franked dividends consistent with its dividend track record.

² Bentley did not pay a dividend in 2003, 2005 and 2008.

Bentley intends to pay a minimum one cent per share fully franked dividend twice a year around the release of its year end and half year results (subject to availability of franking credits and the investment and working capital requirements of the Company).

FOR FURTHER INFORMATION:

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