



Bentley  
Capital Limited



Chief Investment Officer's  
Presentation to the  
**Annual General Meeting**

**2011**

11 November 2011

# Overview of Bentley's Investment Strategy

- Bentley Capital is an ASX listed (ASX Code:BEL) strategic investor in selected emerging companies and assets
- Seeking high capital growth stories but also offering value on entry
- Main focus is active positions in small to mid-cap ASX listed companies
- Also investing equity in unlisted projects and assets that will evolve into ASX listings
- Preference for resources, energy and technology sectors – high growth industries
- Neither an equities portfolio manager, nor a private equity fund, but a strategic investor
- Focused on achieving **outstanding absolute capital gains** for shareholders

## **Recent Evolution**

- Strategy was formulated and agreed by BEL Board in October 2009
- Investment team initially engaged in April 2010
- Investment Team (2) based in Sydney office
- First significant direct investments made during FY11
- Funds have been redeemed from FSP fund as required for direct investments derived from the Investment Strategy
- As at 31<sup>st</sup> October 2011 these direct investments totalled \$8.24 million

# Portfolio Snapshot 31 October 2011

- Recent capital management initiatives have reduced capital base of the company
- 5 cent per share capital return, on-market share buy-backs and 3.4 cent fully franked final and special dividends have resulted in \$6.28 million being returned to shareholders
- Approximate (unaudited) NTA as at 31 October 2011 was **\$21.06m or \$0.287 per share** (30 June: \$28.8m or \$0.397 per share, prior to capital return and final & special dividends)
- Current issued capital is 73,350,541 shares (30 June: 72,598,802)
- The current portfolio (31 October) is:
  - **Cash:** \$6.83 million, 32.4% of NTA
  - **FSP Fund:** \$6.0 million, 28.5%
  - **Direct Investments:** \$8.24 million, 39.1%



# Direct Investments – Target Themes

Five key areas mandated by the Board and Investment Committee – “The 5 Pillars”:

1. **Strategic investments in ASX listed companies** with either an active or passive participation
2. **Corporate financing** for well planned projects seeking funding (DFS stage)
3. **Promotion of IPOs** via investments in ASX vehicles, assets, management teams
4. Participation in, and funding of, **corporate restructurings** and turnaround situations
5. Selective **high-conviction equity trades** in ASX stocks that have been well researched by the Investment Team

BEL seeks to apply capital to opportunistic investments where it is able to contribute to the process of generating value through the application of skills, contacts, networks as well as funding.

# Direct Investments – Target Sectors

Current areas of interest and activity:

- Gold explorers and producers
- Coal explorers and project developers
- Oil & Gas exploration and development
- Alternative Energy (shale fuels, renewables)
- Other Metals (iron ore, copper, nickel, rare earths, specialty alloy metals)
- Technologies and services, especially in resources and mining
- Fast growing creative and information-based businesses
- Industrial companies in special situations (turnaround, restructure)

# Current Direct Investment Portfolio

## ▪ Main current holdings:

- MEO Australia Limited (MEO) – Offshore gas field developer, Timor Sea, Indonesia
- Woodside Petroleum (WPL) – Major WA gas /LNG producer
- Unity Mining Limited (UML) – Gold producer and explorer, Tasmania, Ghana
- Mincor Resources NL (MCR) – Nickel miner, WA
- Small holdings in rare earths exploration and Queensland coal exploration

## ▪ Majority of these positions acquired in 2011 calendar year



# The Outlook - Direct Investment Work in Progress

- Investment Team based in Sydney originating and filtering opportunities
- Over 180 investment propositions looked at and rejected since June 2010
- Wide universe of prospects, especially with equity capital markets being constrained
- Currently over 30 opportunities on the WIP list, key themes:
  - *Taking positions in quality emerging small-cap and mid-cap resources companies*
  - *Micro cap companies with good assets but facing cash/funding constraints*
  - *Listed companies trading at or near cash backing – restructure to release value*
  - *Arbitrage opportunities, many under-valued micro cap stocks*
  - *Resources projects looking for funding and a corporate structure, in coal & gold especially*
  - *Seeking value, where underlying assets have unrecognised upside*



# Recent Capital Management

<b>Bentley Capital Limited Capital Management</b>	<b>30-Jun-10</b>	<b>30-Jun-11 12 Months</b>	<b>31-Oct-11 4 Months</b>
Issued Shares	72,009,635	72,598,802	73,350,541
NTA (Post Tax)*	\$29,535,395	\$28,806,473	\$21,063,302
<b>NTA Per Share*</b>	<b>\$0.410</b>	<b>\$0.397</b>	<b>\$0.287</b>
* Net of Capital Management Initiatives			
<b>Capital Management Initiatives &amp; Dividends:</b>			
Dividends Paid (3.4c paid on 26/9/11, 2.0c paid during FY11)		\$0.020	\$0.034
Return of Capital (5.0c paid on 14/10/11)			\$0.050
On-Market Share Buy-Backs (Since 15/9/11)			\$0.002
		<b>\$0.020</b>	<b>\$0.086</b>
<b>Total of NTA with Capital Management &amp; Dividends Added Back</b>		<b>\$0.417</b>	<b>\$0.373</b>

## Summary

- As at 31 October 2011, the Company's assets total approximately **\$21.06 million**
- Currently held 32.4% in cash, 28.5% in the FSP Fund, and 39.1% in Direct Investments
- Recent capital management initiatives undertaken to address NTA/Share Price gap
- Strong investment performance is key to eliminating gap in future
- Company aims to make more direct investments, seek greater diversity
- Large range of available investment opportunities from dislocated and volatile markets
- Focusing on industry sectors where above average capital growth may be expected
- Team is focused on delivering superior investment performance and capital growth through active management of portfolio

