

# MARKET ANNOUNCEMENT

## Disposal of Portfolio of Rare Earth Tenements via Sale of Subsidiary, Scarborough Resources Pty Ltd

Bentley Capital Limited (ASX:BEL) (**Bentley** or **Company**) notes that on 21 September 2023<sup>1</sup>, the Company requested a trading halt, which transitioned into a request for a voluntary suspension on 25 September 2023<sup>2</sup>, pending the release of a market announcement in relation to the Company's activities.

At that time, Bentley also advised that it was making submissions to ASX in relation to its activities.

Bentley confirms that it has, through its wholly-owned subsidiary Scarborough Resources Pty Ltd (**SCR**), acquired a portfolio of five exploration licences (**EL**) (applications filed on dates outlined below, pending grant) totalling ~887km<sup>2</sup> located in the Musgrave region of Western Australia (near the border with Northern Territory and South Australia) that the Company considers prospective for rare earth elements (**REE**), tantalum and niobium (**Tenements**):

Tenement Name	Tenement No.	Application Date	Area (No. Blocks)	Area (km <sup>2</sup> )
Mt Muir	ELA 69/3992	21 December 2021	35	108.5
Mt Finlayson	ELA 69/3993	21 December 2021	50	154.9
Lehmann Hills	ELA 69/4008	11 January 2022	48	148.8
Border Hills	ELA 69/4031	4 March 2022	62	192.2
Mt Muir (North)	ELA 69/4114	9 November 2022	91	282.2
<b>Total</b>			<b>286</b>	<b>886.6</b>

Bentley's objective with respect to the Tenements was to add value to them through the conduct of exploration and other value-adding activities such that these Tenements could then be on-sold or the subject of a spin-out Initial Public Offering (**IPO**) into a REE-focussed ASX listed resources company.

Bentley has engaged with ASX in relation to the proposed activities of SCR (as a wholly-owned subsidiary of the Company) to determine whether the proposed activities are consistent with the status of Bentley as a listed investment company (**LIC**).

1 Refer BEL ASX announcement released on 21 September 2023: Request for Trading Halt

2 Refer BEL ASX announcement released on 22 September 2023: Request for Voluntary Suspension from Official Quotation



After submissions by Bentley in relation to the proposed activities of SCR, ASX has advised that the Company undertaking such activity would be inconsistent with its status as an LIC as the definition of an 'investment entity' in Chapter 19 of the ASX Listing Rules includes (inter alia) an entity whose objectives do not include exercising control over or managing an entity, or the business of any entity in which it invests.

ASX has confirmed that the proposed activities (via SCR) would be regarded as Bentley exercising control over or managing an entity that would be carrying out exploration and other activities and as such, this activity would be inconsistent with the Company's status as an LIC.

Based on the foregoing and in order to lift the voluntary suspension in trading of the Company's shares on ASX, Bentley confirms that it has sold 100% of its shareholding in SCR to ASX-listed Lithium Energy Limited (ASX LEL) (LEL), which Bentley confirms is not a related party of the Company. This sale was completed on 13 May 2024.

The consideration received by Bentley for the sale of its shareholding in SCR is an ongoing free carried royalty interest being a 0.5% Net Smelter Return Royalty on the value of any minerals sold from any of the Tenements should at any time in the future a mineral discovery on a Tenement be brought into production, together with a reimbursement of \$10,000 in expenditure previously incurred by SCR.

The Directors confirm that the consideration negotiated with LEL was appropriate in the circumstances and reflects the 'fair market value' for SCR/the Tenements given they are at the application stage and further notes the following matters in this regard:

- (a) The costs to carry out an exploration and evaluation programme on the Tenements and bring a mineral discovery into production would be significant. With the grant of an ongoing royalty, Bentley is effectively receiving a free-carried interest into production without any further capital contributions being required of Bentley if a mineral discovery on one or more of the Tenements is made and brought into production.
- (b) The Tenements comprise EL applications; to secure the grant of the Tenements, an agreement is required to be entered into with the native title holders; based on the draft mineral exploration agreement negotiated by SCR, this will likely entail a signature payment to the native title holders on execution of the agreement.
- (c) LEL has undertaken preliminary geological work on the Tenements as part of its due diligence and has advised that it is possible LEL will not proceed to grant of all of Tenements. The parties have accordingly agreed that if this should be the case, Bentley will be entitled to receive a refund of the application fees (attributable to the first year's rent) upon the withdrawal of a Tenement - this potential refund totals ~\$42k across all Tenements.
- (d) Prior to concluding the sale to LEL, Bentley had discussions with a number of ASX-listed resource companies in relation to a sale or joint venture of the Tenements. Whilst there was interest from such third parties, ultimately no binding agreement (save for LEL) was reached in relation to the acquisition of the Tenements.

Bentley notes that the carrying value of capitalised Exploration and Evaluation Expenditure as at 31 December 2023 was fully written-off (\$116,478)/impaired (\$241,295) to nil. The Directors made this determination having regard to the following matters:

- (a) Having regard to the application of Accounting Standards AASB 6 (Exploration for and Evaluation of Mineral Resources) and AASB 136 (Impairment of Assets) and the Company's Accounting Policy (refer Note 11 (Resource Projects) on pages 37 and 38 of Bentley's 2023 annual Report);
- (b) The \$116,478 written-off represents costs attributable to exploration licence tenements that were surrendered during the half year;

- (c) Four exploration licence tenements were surrendered after the end of the half year; and
- (d) ASX's position on Bentley's ownership of SCR and SCR's exploration activities (as above);

In light of the above factors, the Directors did not feel that maintaining the carrying value of the Tenements (at cost) was warranted, appropriate or reasonable, in accordance with Bentley's accounting policy and the Accounting Standards.

By virtue of the sale, Bentley has accordingly disposed of all of its interest in the Tenements. On the basis that Bentley has disposed of its interest in SCR/the Tenements, Bentley's shares will be reinstated to quotation on ASX. Bentley confirms the Company's further investment activities will be consistent with its status as an LIC.

---

**AUTHORISED FOR RELEASE - FOR FURTHER INFORMATION:**

Farooq Khan  
Chairman  
T | (08) 9214 9757  
E | chair@bel.com.au

Victor Ho  
Company Secretary  
T | (08) 9214 9757  
E | cosec@bel.com.au