

7 January 2014

The Manager

ASX Market Announcements

NTA as at 31 December 2014

Net tangible assets per share for Sandon Capital Investments Limited (**SNC** or **the Company**) as at 31 December 2014 were:

Pre-tax: \$1.0060

Post-tax: \$1.0049

Note: the NTA is after the payment of the 2.0 cents per share special dividend on 6 November 2014.

Portfolio Performance to 31 December 2014

Gross Performance ¹	1 Month	Financial YTD	Calendar YTD	Since inception
SNC	1.6%	5.7%	9.3%	12.0%
Small Ordinaries Accumulation Index	0.5%	-2.5%	-3.8%	1.4%
Outperformance	+1.1%	+8.2%	+13.1%	+10.6%

1. SNC and index performance figures are before all fees and expenses and before any taxes, except that SNC figures are after brokerage. SNC performance figures include the fully franked 2.0 cents per share special dividend paid in Nov 14.

Manager's Investment Update

The Company's NTA per share increased by 1.2% (on a pre-tax basis) in December (adjusted for the 2.0 cents per share special dividend that was paid November 2014).

In December, two significant portfolio positions were realised – Calliden Group Limited (CIX) and Crowe Horwath Limited (CRH) had their respective schemes of arrangement approved by shareholders. In both instances, special dividends were also paid ahead of scheme implementations. Both investments were profitable for SNC, but CIX was by far the standout. CIX was amongst the first investments made by SNC in December 2013, when we began purchasing the stock at 26 cents per share. The bulk of SNC's shareholding was established at an average price of 28 cents per share, on which a total of 8.2 cents per share of fully franked dividends were received during the holding period. The final scheme consideration totalled 41.5 cents per share. Sandon Capital's engagement with CIX was largely undertaken before SNC was established. Practically, a profitable stalemate had been reached, where we and the board agreed to disagree about the strategy. The share price remained well below our assessment of the company's value, and we remained confident that we would re-engage with the company in the future (our preferred scenario) or a strategic buyer would pay for the value that the market would not (as was the case with Steadfast Ltd acquiring the company).

These exits bring total cash holdings to nearly 43%, a position that provides significant flexibility to take advantage of any opportunities.

On the subject of opportunities, Sandon Capital (including SNC) became substantial shareholders in a small resources company, Chesser Resources Ltd (CHZ) in late December. On 30 December, SNC submitted to CHZ a notice of a requisition of a general meeting to remove three of the existing directors and appoint a new director. Following a 15 cents per share return of capital in December 2014, CHZ's assets include approximately \$8.9 million in cash (~4 cents per share) and two Turkish gold prospects. We outline our thoughts regarding CHZ in the members' statement (appended to this report) that will also be provided to CHZ shareholders ahead of the requisitioned general meeting.

We see current market conditions are ideal of the Company's activist investment approach. We are focused on investment opportunities that have high levels of tangible (or easily saleable) assets, marketable securities or cash that can be purchased well below our assessment of their intrinsic value and whose prospects are somewhat independent of market and economic conditions, as we believe these offer the best risk-adjusted returns in the current environment.

Communications

In addition to SNC's ASX disclosures, Sandon Capital has taken a step into the modern world and begun using two social media: www.Livewiremarkets.com.au and Twitter. You can follow Sandon Capital on Twitter: @SandonCapital

If you have any questions regarding the Company or its investments, please call Gabriel Radzynski on 02 8014 1188. If you have questions regarding your shareholding, please contact Link, whose details appear below.

Further information:

Gabriel Radzynski
M: 0408 936 357

Sandon Capital Investments Limited

Tel: 02 8014 1188
Fax: 02 8084 9918
Website: www.sandoncapital.com.au

Share registry:

Link Market Services
Tel: 1300 554 474 (toll free within Australia)
Email: registrars@linkmarketservices.com.au
Fax: +61 2 9287 0303
Postal Locked Bag A14, Sydney
Address: South NSW 1235

SNC members statement to CHZ Shareholders

Dear Fellow Shareholder,

Funds managed by Sandon Capital Pty Ltd ("**Sandon Capital**") together own approximately 16.5% of the shares outstanding of Chesser Resources Limited ("**Chesser**").

We are asking that you consider making changes to the Board of Chesser, by removing three directors and replacing them with one new director.

Strategic and Capital Review to be undertaken

If elected, the Sandon Capital nominee, Mr Gabriel Radzynski, will encourage the new Board undertake a Strategic and Capital Review. His election will send a clear message to the remaining directors that shareholders expect a Strategic and Capital Review to be undertaken.

A key aspect of the strategic review will be to determine how and whether Chesser can best pursue any growth opportunities, while mitigating the risk of permanent capital impairment. The strategic review should also clearly identify and articulate how Chesser proposes to reduce costs.

A key aspect of the capital review will be to determine how Chesser can provide an opportunity for those shareholders seeking further returns of capital.

About Gabriel Radzynski and Sandon Capital

Gabriel Radzynski is founder and managing director of Sandon Capital Pty Ltd, an investment and advisory firm that seeks to unlock value from the investments it makes in typically underperforming companies.

This role has seen him become a director of several ASX-listed companies, including RHG Limited and Armidale Investment Corporation Limited, where significant shareholder value was unlocked.

He is Chairman of Sandon Capital Investments Limited, an ASX-listed investment company. Gabriel also serves as executive director of Mercantile Investment Company Limited (ASX: MVT), and is a non-executive director of Onthehouse Holdings Limited (ASX: OTH). He is also a non-executive director of Future Generation Investment Company Limited (ASX: FGX), an investment company that seeks to donate at least 1% of its net asset value each year to a range of children's charities.

You can learn more about Sandon Capital by visiting our website www.sandoncapital.com.au

We encourage you to vote FOR all the resolutions being put before you.

Resolution	How to vote
1. <i>"That Mr Rob Reynolds be removed as a director of Chesser Resources Limited with effect from the close of the meeting."</i>	FOR
2. <i>"That Mr Morrice Cordiner be removed as a director of Chesser Resources Limited with effect from the close of the meeting."</i>	FOR
3. <i>"That Mr Peter Lester be removed as a director of Chesser Resources Limited with effect from the close of the meeting."</i>	FOR
4. <i>"That Mr Gabriel Radzynski be appointed as a director of Chesser Resources Limited with effect from the close of the meeting."</i>	FOR

If you would like to discuss these resolutions in more detail, please call Gabriel Radzynski on 02 8014 1188 or 0408 936 357.

Yours sincerely,

Sandon Capital