

THORNEY OPPORTUNITIES LTD

ACN 080 167 264

ASX Announcement: **22 October 2014**

ASX Code: **TOP**

CHAIRMAN'S UPDATE, OCTOBER 2014

Please be advised that the attached Chairman's Update has been mailed to all Thorney Opportunities Ltd shareholders today.

The document is also available on the Company's website:

<http://www.thorneyopportunities.com.au/ChairmansUpdateOctober2014.pdf>

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Dear fellow shareholder

I foreshadowed in my first Chairman's update in June and again in the more recently issued TOP annual report, that with mixed economic signals globally and uncertainty in the Australian share market, TOP would continue to take a cautious investment approach.

I wrote that companies which held cash would likely be able to take advantage of good buying opportunities in the medium term.

The recent volatility in global equity markets, including Australia, was exactly the risk I was concerned about. While more value - and hence more opportunity - is emerging in certain sectors, we at TOP remain very wary of the potential for further market volatility.

Consequently TOP continues to hold almost 60% of our investment portfolio in cash or cash equivalents while prudently and diligently assessing a number of potential investments and taking advantage of some short term trading opportunities.

Our focus remains on producing absolute returns over the medium to long term through careful selection of investments at prices that represent value and the potential to outperform over time.

This approach requires unwavering patience and discipline.

Despite analysing many potential opportunities, TOP has made only one strategic investment since I wrote to you in June. Alongside the private Thorney Investment Group we have taken a position in Austin Engineering Limited [ASX: ANG].

Austin Engineering is a global designer and manufacturer of customised dump truck bodies, buckets and ancillary products used in the mining industry in countries including Australia, Indonesia and in South America. Austin also provides on and off-site repair and maintenance services.

Whilst the mining services sector has come under significant pressure we believe Austin Engineering is well-placed to benefit from the on-going expenditure in the sector. Continuing sales to companies like BHP, RIO and several large South American producers underscores how Austin will still benefit from sales of necessary consumables like trays, buckets and ancillary equipment to those leading mining companies whose production is still robust despite lower commodity prices.

We also believe our combined 11 percent stake in Austin (TOP 2.2% and Thorney International Pty Ltd, a private company 8.9%) may prove to be strategic, given Austin's 21% shareholder Bradken's historic interest in acquiring the company.

TOP remains very comfortable with its key positions in Money3 Corporation, AMA Group and Service Stream outlined to you in my last update. In fact, we have taken advantage of share price weakness to increase some of our holdings.

TOP has also retained the "inherited" stake in Australian Renewable Fuels until the outcome of that Company's ongoing discussions with the Federal Government on proposed changes to its biodiesel excise regime.

In summary, I remain very confident that TOP's analytical, value driven, patient approach to investing is the correct one and the one that will prove to deliver the best results for all TOP shareholders over time. I will comment further at the forthcoming TOP annual general meeting.

My confidence has led me to personally increasing my holdings of TOP shares in recent months taking advantage of the share price discount to the net tangible assets (NTA).

I thank you for your continued support and I look forward to providing you with further updates in the future.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'Alex Waislitz', with a long horizontal flourish extending to the right.

Alex Waislitz
Chairman