Chairman's Address: Annual General Meeting, 28 November 2017

Good morning shareholders,

Welcome to the 2017 Annual General Meeting of Contango MircroCap Limited (CTN).

My name is Trevor Carroll and I am the Independent Chairman of CTN.

I am joined by my fellow directors, Ken Poutakidis, Sebastian Evans, Adrian Fitzpatrick and Warwick Evans. Hari Morfis and Rajiv Sharma, our co-company secretaries are present along with the Company auditor, Brendan Britten of Pitcher Partners and Priscilla Bryans from our legal advisor, Herbert Smith Freehills.

I would like to thank Mark Kerr and Alistair Drummond, both of whom recently resigned from the Board, for their contribution to the Company.

The financial year ending 30 June 2017 proved a challenging one for CTN due to less than ideal performance, leading to an underperformance against the Small Ordinaries Benchmark.

Turning around this underperformance and closing the share price discount to the NTA has been a core focus of the Board. We are committed to ensuring that we have the best chance of returning to positive performance as soon as possible. Reducing the Company's cost base is also of key importance - directors' fees have been reduced and so has the Company's administration costs.

Over recent years, CTN shareholders have been subjected to instability, both at the Board and investment performance level.

Moving forward, on 20 October 2017, the Board announced a change in investment manager, whereby consent was given to the assignment of the management agreement from Contango Funds Management Limited (CGA) to NAOS Asset Management Limited (NAOS).

CGA's assignment of the management agreement to NAOS was a commercial transaction between CGA and NAOS. The Company is aware of some misconceptions that have been circulating about this transaction; including that this has somehow come at a significant cost to CTN shareholders. Save for the reasonable costs associated with the Board obtaining independent legal advice to ensure CTN shareholders are protected, all other costs associated with the new arrangement and transition are directly borne only by CGA and NAOS.

The Board's decision to consent to the assignment of the management agreement was arrived at through detailed and thorough deliberation and due diligence. Our legal advisors to this new arrangement, Herbert Smith Freehills guided the Board during this transaction to ensure that shareholder's interests were at the fore of our decisions. In providing consent, the Board carefully considered a broad range of criteria including:

- The relative performance of NAOS and CGA;
- The relative fee structures under the existing management agreement and the terms proposed by NAOS (which form the basis of the new management agreement that is subject to your approval);
- The alignment between management returns and shareholder returns;
- The financial standing of NAOS, its regulatory framework and its reputation and standing in the market; and
- The experience of NAOS as LIC managers.

All of these measures were considered relative to the Company's existing arrangement with CGA as well as against a range of other LIC managers.

The Board is focused on being transparent and open with you as shareholders. As you would have read in the Company's Notice of Meeting, it has been put to shareholders to resolve by ordinary resolution to terminate the existing management agreement and to approve the Company entering into a new management agreement with NAOS. The key material terms of the new proposed management agreement are also set out in the Company's Notice of Meeting.

So why make these management changes?

NAOS is a specialist fund manager that manages 2 other listed investment companies, NAOS Emerging Opportunities Company (ASX:NCC) and NAOS Absolute Opportunities Company (ASX:NAC). It is led by our new CTN director, Sebastian Evans, and has a track record of consistent and strong performance, using a high conviction, long term, value driven approach to investing.

The new management agreement will be for an initial term of 5 years. As announced last week, ASX did not grant a waiver for the initial term to be 10 years.

It will contain lower management fees, but with a performance fee for outperformance over the ASX Small Ordinaries Accumulation Index, with any underperformance needing to be recouped before future performance fees are paid. The Board considers this will further align NAOS with the interests of CTN shareholders in delivering performance. In the Board's view, this is a fair and appropriate trade-off for an investment manager that has NAOS' experience and track record in small cap investment management, which positions NAOS to improve and stabilise shareholder returns and provide the direction that CTN needs.

The new management agreement will also reflect an investment strategy that the Board considers to be more effective in improving investment performance for shareholders. Specifically, we believe that NAOS can generate better and more sustainable returns for shareholders given its focus on portfolio performance through a concentrated exposure to quality undervalued industrial companies. This in turn, should allow CTN to provide shareholders with a sustainable stream of dividends franked to the maximum extent possible over the longer term.

The proposed management agreement also aligns with NAOS' investment views on how it defines a small cap company and its approach to investing – an approach that has proved to be successful in the other listed investment companies it manages. The Board considers that NAOS being the investment manager for the Company is in the best interests of shareholders.

On behalf of the Board, I would like to thank all our shareholders for their continued support and we also welcome all new shareholders who joined the Company during the 2017 financial year.

Trevor Carroll
Independent Chairman