



7 October 2011

Company Announcements Office  
Australian Securities Exchange

Dear Sir or Madam

**Off-market bid by Contango Microcap Limited (ASX: CTN) to acquire all of the ordinary shares in Contango Capital Partners Limited (ASX: CCQ)**

On behalf of Contango Microcap Limited (**CTN**), we enclose pursuant to item 5 of section 633(1) of the *Corporations Act 2001* (Cth) (**Corporations Act**) a copy of CTN's bidder's statement in relation to its off-market takeover offer for all of the ordinary shares in Contango Capital Partners Limited (**CCQ**) that it does not already hold (**Bidder's Statement**). The Bidder's Statement has been lodged with the Australian Securities & Investments Commission today.

On behalf of CTN, we also give notice under section 633(4) of the Corporations Act that the date set by CTN for the purposes of section 633(2) of the Corporations Act in respect of the Bidder's Statement is 7.00pm (Melbourne time) on 14 October 2011.

Yours faithfully

Ian Ferres  
Director  
Contango Microcap Limited

Mark Kerr  
Director  
Contango Microcap Limited

THIS IS AN **IMPORTANT DOCUMENT**  
AND REQUIRES YOUR IMMEDIATE ATTENTION.

IF YOU ARE IN ANY DOUBT ABOUT HOW TO DEAL WITH THIS DOCUMENT, YOU SHOULD  
CONSULT YOUR LEGAL, FINANCIAL OR OTHER PROFESSIONAL ADVISER IMMEDIATELY.

## **Bidder's Statement**

and

# **OFFER**

by

## **Contango Microcap Limited**

ABN 47 107 617 381 (ASX: CTN)

to acquire all of your shares in

## **Contango Capital Partners Limited**

ABN 52 124 184 765 (ASX: CCQ)

for **\$0.90 cash per Share**

If you have any queries in relation to the Offer, please call Public Relations Exchange from 9am-5pm (Melbourne time) on +61 3 9607 4500 or email [investor@prx.com.au](mailto:investor@prx.com.au) for further information.

# Key Dates

<b>Date Offer announced</b>	<b>20 September 2011</b>
<b>Bidder's Statement lodged with ASIC</b>	<b>6 October 2011</b>
<b>Offer opens</b>	<b>21 October 2011</b>
<b>Offer closes (unless extended)</b>	<b>7.00pm (Melbourne time) on 21 November 2011</b>

# How to Accept

To accept the CTN Offer, you should proceed as follows:

<b>1. Read</b>	Read this document in full. Also read the Target's Statement prepared by CCQ.
<b>2. Consult</b>	Consult your legal, financial or other professional adviser if you are in any doubt as to what action to take or how to accept the CTN Offer.
<b>3. Complete or instruct</b>	<p><i>Issuer Sponsored Holdings</i></p> <p>If Your Shares are held on CCQ's issuer sponsored sub-register (that is if there is an 'I' appearing next to your holder number on the enclosed Acceptance Form), complete, sign and return the Acceptance Form in accordance with the instructions on that form.</p> <p><i>CHESS Holdings</i></p> <p>If your CCQ Shares are held in a CHESS Holding (that is, if there is an 'X' appearing next to your holder number on the enclosed Acceptance Form) you can accept the offer by doing any of the following:</p> <p>(a) completing, signing and returning the Acceptance Form in accordance with the instructions on that form. This will authorise the Bidder to instruct your Controlling Participant (normally your stockbroker) to initiate acceptance of the Offer on your behalf;</p> <p>(b) instructing your controlling participant to initiate acceptance of the Offer on you behalf; or</p> <p>(c) if you are a participant in the CHESS system, by initiating acceptance of the Offer yourself.</p>

**4. Post**

Post your completed Acceptance Form in the enclosed reply paid envelope to:

Contango Capital Partners Limited Takeover Offer  
c/- Computershare Investor Services Pty Limited  
GPO Box 52  
MELBOURNE VIC 3001

**Acceptance Forms must be received at this mailing address in sufficient time for your instruction to be processed by 7.00pm (Melbourne time) on 21 November 2011, unless the Offer is extended.**

**Please do not send your completed Acceptance Form by email.**

## Key Contacts

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### QUERIES REGARDING THE CTN OFFER

Please call Public Relations Exchange from Monday to Friday between 9.00am-5.00pm (Melbourne time) on +61 3 9607 4500 or email [investor@prx.com.au](mailto:investor@prx.com.au) if you require assistance.

### SHARE REGISTRAR FOR THE OFFER

Computershare Investor Services Pty Limited  
GPO Box 52  
MELBOURNE VIC 3001

Share Registry Telephone: 1300 787 272

## Important notices

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This document is a Bidder's Statement issued by CTN, under Part 6.5 of the Corporations Act. This Bidder's Statement sets out the terms and conditions of the CTN Offer and other important information relating to the Offer. You should read this Bidder's Statement in its entirety. If you are in any doubt as to how to deal with this document, you should consult your legal, financial or other professional adviser as soon as possible.

A copy of this Bidder's Statement was lodged with ASIC on **6 October 2011**. ASIC takes no responsibility for the content of this Bidder's Statement. This Bidder's Statement is dated 6 October 2011.

In preparing this Bidder's Statement, CTN has not taken into account the individual objectives, financial situation or needs of individual CCQ Shareholders. Accordingly, before making a decision whether or not to accept the CTN Offer, you should consult with your legal, financial, tax or other professional adviser.

This Bidder's Statement may include certain forward looking statements which have been based on current expectations about future events. These forward looking statements are, however, subject to risks, uncertainties and assumptions that could cause actual results to differ materially from the expectations described in such forward looking statements. These factors may include matters not yet known to CTN or not currently considered by CTN to be material. You are cautioned not to place undue reliance on any forward

looking statement. The forward looking statements in this Bidder's Statement reflect the views held only as at the date of this Bidder's Statement.

None of CTN or any of its officers, or CAML or any of its offices and employees, or any other persons named in this Bidder's Statement with their consent or any person involved in the preparation of this Bidder's Statement makes any representation or warranty (express or implied) as to the accuracy or likelihood of fulfilment of any forward looking statement, except to the extent required by law.

The Bidder has collected your information from the CCQ register of shareholders for the purpose of making this Offer and, if accepted, administering acceptances over your holding of CCQ Shares and if the Offer is declared unconditional making payment of the Offer consideration. The Corporations Act requires the names and addresses of shareholders to be held in a public register. Your information may be disclosed on a confidential basis to CTN's related bodies corporate and external service providers and may be required to be disclosed to regulators such as ASIC.

References in this Bidder's Statement to CTN's website ([www.contangomicrocap.com.au](http://www.contangomicrocap.com.au)) are for your reference only. Information contained in or otherwise accessible from the website is not part of this Bidder's Statement.

The distribution of this Bidder's Statement may, in some jurisdictions, be restricted by law or regulation. Accordingly, persons who come into possession of this Bidder's Statement should inform themselves of and observe any such restrictions.

A number of defined terms are used in this Bidder's Statement. Unless the contrary intention appears, the context requires otherwise or words are defined in Section 8 of this Bidder's Statement, words and phrases in this Bidder's Statement have the same meaning and interpretation as in the Corporations Act.

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# Independent Directors' letter

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6 October 2011

Dear CCQ Shareholder

## **Cash takeover offer for Contango Capital Partners Limited (ASX: CCQ)**

We are pleased to enclose an Offer to acquire all of your shares in Contango Capital Partners Limited (CCQ). Contango Microcap Limited (**Bidder or CTN**) is offering \$0.90 cash for each CCQ Share that you hold. The Offer will close at 7.00pm (Melbourne time) on 21 November 2011, unless extended. A summary of how to accept the Offer is set out on the inside front cover of this document, with detailed instructions provided on the personalised Acceptance Form that accompanies this document.

Subject to all conditions of the Offer being satisfied or waived, the Offer gives you, as a CCQ Shareholder, the opportunity to realise your investment in CCQ for cash and at a price which represents a significant premium (28.6%) to the closing share price of CCQ Shares on ASX on 19 September 2011, being the last trading day on ASX prior to the date of the announcement of the Offer.

The Offer also represents a significant reduction in the discount to the net tangible assets (NTA) of CCQ Shares at which those shares have traded on ASX for an extended period. For example, during the one month period prior to the date of the Announcement, CCQ Shares traded on ASX at prices that represented a discount to the then most recently announced NTA (as at 31 August 2011) of between 29% and 31% (compared to the Offer Price which represents a discount to that NTA (as at 31 August 2011) of approximately 10%). As a result of market movements since the Announcement Date, the discount to NTA represented by the Offer Price reduced to approximately 3.5% to NTA as at 30 September 2011, announced to ASX by CCQ on 3 October 2011.

In the current highly volatile market, we consider that the Offer Price represents an attractive and compelling offer.

CTN believes that the investment portfolio and other assets of CCQ provide an attractive investment opportunity for CTN and that the acquisition of CCQ at this stage in the economic cycle should position CTN for future growth.

Further, and importantly, CCQ Shareholders should note the following:

- accepting CCQ Shareholders (assuming all Offer conditions are satisfied or waived) who became entitled to receive the Final Dividend, which CCQ announced on 23 September 2011 will be paid on 12 October 2011, will be entitled under the terms of the Offer to retain the benefit of the Final Dividend (\$0.03 per CCQ Share) – i.e. the Offer Price of \$0.90 per Share will not be reduced in respect of the Final Dividend;
- to the best of the knowledge of the directors of CTN, the CTN Offer is the only offer for all of your Shares – there is no guarantee that a further offer will be made for your CCQ Shares at any time in the future;
- the Offer is subject to a number of conditions, including a 50.1% acceptance condition, set out in full in Appendix 2 of the attached Bidder's Statement; and

- if as a result of the Offer, CTN is in a position to proceed to compulsory acquisition of the outstanding CCQ Shares in which it does not have a Relevant Interest, it currently intends to do so, with the result that CCQ Shareholders who have not accepted the Offer will have their CCQ Shares compulsorily acquired.

The decision of CTN to make the Offer was made by an Independent Directors Committee (comprising non-executive directors Mr Mark Kerr and Mr Ian Ferres) formed by the Board of CTN. The other directors of CTN are Mr David Stevens and Mr Glenn Fowles, both of whom are also current directors of CCQ.

Mr Stevens and Mr Fowles have excluded themselves from involvement in the consideration and the conduct of the Offer (in accordance with independence protocols adopted by the Board of CTN). They have decided not to make any recommendation in relation to the Offer. As a result, Mr Kerr and Mr Ferres have been the sole directors involved in retaining advisors and formulating the Offer.

Following the Announcement by CTN of the Offer, the Directors of CCQ announced that they intended to recommend the Offer to CCQ Shareholders, subject to an Independent Expert's Report that they would commission and there being no higher offer being made for the CCQ Shares.

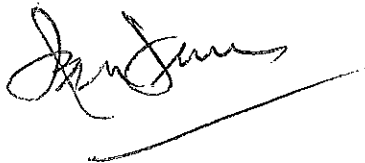
As at the date of this Bidder's Statement, CTN has a Relevant Interest in 15.63% of CCQ Shares.

If you have any questions, please call Public Relations Exchange on +61 3 9607 4500 or email [investor@prx.com.au](mailto:investor@prx.com.au). Alternatively, you may contact your legal, financial or other professional adviser.

Mark Kerr



Ian Ferres





# Why you should accept the CTN Offer

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1. The CTN Offer represents a substantial premium to the CCQ's recent trading prices on ASX, and reduces the discount to NTA

The CTN Offer is \$0.90 cash per Share for all your CCQ Shares. This represents a substantial premium for your CCQ Shares. Specifically, it represents:

- a 28.6% premium to the closing price of CCQ Shares of \$0.70 per Share on 19 September 2011 (being the last trading day prior to announcement of the Offer);
- an immediate reduction in the discount to NTA (as at 31 August 2011) at which CCQ shares closed on 19 September 2011 from approximately 30% to 10%; and
- a discount to the NTA (as at 30 September 2011) announced by CCQ on 3 October 2011 of approximately 3.5%, representing a further reduction in the discount to NTA.

2. Attractive and compelling Offer Price in a highly volatile market

CTN believes that the Offer Price represents an attractive and compelling offer in the current highly volatile market.

3. The CCQ Directors have announced that they intend to recommend the Offer to CCQ Shareholders subject to an independent expert's report and no higher offer being made for the CCQ Shares

The CCQ Directors announced on 20 September 2011 that they intended to recommend the Offer subject to an Independent Expert's Report that they would commission, and no higher offer being made for the CCQ Shares.

4. The CTN Offer is the only offer currently available for all Your Shares

The CTN Offer is the only offer available for all Your Shares. As at 6 October 2011, CTN is not aware of any other party intending to make an offer for CCQ Shares which is superior to the CTN Offer. It is possible that another party may make a bid for your CCQ Shares at a higher or lower price than the Offer Price at some point in the future.

5. The CTN Offer is a simple cash offer

The CTN Offer of \$0.90 per Share provides you with the opportunity to receive a cash amount for your CCQ Shares (subject to each of the conditions of the Offer being satisfied or waived).

In the absence of the Offer (or a competing proposal), the opportunity to sell all of your CCQ Shares at a price equal to the Offer Price is unlikely to be available due to a lack of liquidity and demand for CCQ Shares or lack of demand.

You will not incur any brokerage or other charges by accepting the Offer.

You will be paid cash for your CCQ Shares within 1 month after the later of the date that you accept the Offer and the date that the Offer becomes unconditional. In any event, assuming the conditions of the Offer are satisfied or waived, you will be paid no later than 21 days after the Offer closes.

If the offer becomes unconditional, CTN will make an announcement to this effect in accordance with the Corporations Act.

**6. CCQ's share price may fall if the CTN Offer is not successful and there is no superior proposal**

Prior to the Announcement, CCQ Shares traded on ASX at prices significantly below the Offer Price. If the CTN Offer is not successful and no superior offer is made, it is probable that the price of CCQ Shares would fall to a price below the Offer Price.

## **ACCEPT NOW**

**The Offer of \$0.90 cash per Share provides you with the opportunity to realise your investment in CCQ for a cash price which represents:**

**A significant premium to the price at which CCQ Shares were trading on ASX immediately prior to the Announcement**

**AND**

**A significantly reduced discount to CCQ's most recent NTA of approximately 3.5%,**

**In a highly volatile market**

# Key Questions

Set out below are summary answers to some key questions that CCQ Shareholders may have in relation to the CTN Offer. This information is a summary only and should be read together with all sections of this Bidder's Statement and the Target's Statement.

Question	Answer
<b>What is the Offer?</b>	<p>Contango Microcap Limited (<b>Bidder</b>) is offering to acquire all of your CCQ Shares for \$0.90 cash per Share.</p> <p>The Offer values CCQ's share capital (on a fully diluted basis) at approximately \$17.82 million.</p>
<b>Who is making the Offer?</b>	<p>The Bidder is Contango Microcap Limited (<b>CTN</b>). CTN is a listed investment company which specialises in investing in microcap companies that are listed on ASX. Further information on the Bidder is provided in section 2.</p>
<b>What do the CCQ Directors recommend?</b>	<p>The CCQ Directors have not yet made a recommendation.</p> <p>However, in an announcement to ASX on 20 September 2011, the CCQ Directors stated their intention to recommend the Offer, subject to an Independent Expert's Report, and no higher offer being made for the CCQ Shares.</p>
<b>What do the CCQ Directors intend to do in respect of their own CCQ Shares?</b>	<p>The CCQ Directors have not yet stated whether they will accept the Offer in respect of CCQ Shares which they own or control.</p> <p>However, the CCQ Directors announced on 20 September 2011 that they intended to recommend the Offer to CCQ Shareholders, subject to an Independent Expert's Report that they would commission and no higher offer being made for the CCQ Shares.</p>

Question	Answer
<p><b>What are the conditions of the Offer?</b></p>	<p>The conditions of the Offer are set out in Appendix 2 of this Bidder's Statement.</p> <p>Broadly, the conditions are:</p> <ul style="list-style-type: none"> <li>• At the end of the Offer Period, the Bidder and its Associates together have a Relevant Interest in at least 50.1% of the CCQ ordinary shares on issue;</li> <li>• Between the Announcement Date and the end of the Offer Period, neither the S&amp;P ASX 200 Index nor the S&amp;P ASX 300 Diversified Financials Index fall to a level that is 10% below the level at the close of trading on the day immediately before the Announcement Date*;</li> <li>• No change in any tax law or any law affecting the regulation of financial markets takes effect or is announced between the Announcement Date and the end of the Offer Period;</li> <li>• There is no change in the composition of the Board of CCQ or any general meeting convened for the purpose of appointing or removing one or more directors from the Board of CCQ between the Announcement Date and the end of the Offer Period;</li> <li>• Unless already announced to the ASX, neither CCQ nor any subsidiary of CCQ recommends, pays, declares or determines, or resolves to recommend, pay, declare or determine any dividend or distribution other than the Final Dividend;</li> <li>• Between the Announcement Date and the end of the Offer Period no Prescribed Occurrence occurs;</li> <li>• No Material Adverse Change occurs between the Announcement Date and the end of the Offer Period;</li> <li>• No action by a Government Agency between the Announcement Date and the end of the Offer Period.</li> </ul> <p>* S&amp;P ASX 200 Index at the close of trade on 19 September 2011 was 4081.5 and S&amp;P ASX 300 Diversified Financials Index at the close of trade on 19 September 2011 was 3074.6 .</p>
<p><b>What if you are a foreign shareholder?</b></p>	<p>Subject to applicable law, foreign shareholders will receive the same cash consideration under the Offer as Australian resident shareholders. However, the tax implications under the Offer for foreign shareholders may be different to those relating to Australian resident shareholders.</p>
<p><b>When does the Offer close?</b></p>	<p>The Offer will close at 7.00pm (Melbourne time) on 21 November 2011, unless extended. If you wish to accept the CTN Offer, you need to do so before the Offer closes.</p>
<p><b>How will the Offer Period be extended?</b></p>	<p>The Offer Period may be extended at the Bidder's election (subject to the Corporations Act). You will receive written notice of any extension as required by the Corporations Act.</p>

Question	Answer
<b>How do I accept the Offer?</b>	<p>Please refer to the directions on the inside front cover of this Bidder's Statement, as well as the instructions on the enclosed Acceptance Form.</p> <p>Please do not send your completed Acceptance Form by email.</p> <p>You may only accept the CTN Offer for all your CCQ Shares. Partial acceptance of the Offer is not permitted. The effect of your acceptance is described in Section 1.5 of Appendix 1 to this Bidder's Statement.</p>
<b>If I accept the Offer, when will I be paid?</b>	<p>You will be paid on or before the earlier of:</p> <ul style="list-style-type: none"> <li>• one month after the date of your valid acceptance of the Offer or, if the Offer is subject to a condition when you accept, within one month after the Offer becomes unconditional; and</li> <li>• if the Offer becomes unconditional, 21 days after the end of the Offer Period.</li> </ul> <p>Full details of when you will be paid are set out in Section 1.6 of Appendix 1 to this Bidder's Statement.</p>
<b>What are the tax consequences of accepting the CTN Offer?</b>	<p>A general outline of the taxation consequences of accepting the Offer is provided in Section 6 of this Bidder's Statement.</p> <p>As the consequences of acceptance differ according to each CCQ Shareholder's individual circumstances, you are encouraged to seek specific independent tax advice before making any decision in relation to acceptance of the CTN Offer.</p>
<b>Will I incur any brokerage or stamp duty if I accept the CTN Offer?</b>	<p>No, you will not incur any brokerage or stamp duty if you accept the CTN Offer (other than any fees that a Broker may charge their client for effecting an acceptance in CHESS).</p>
<b>If I do not accept the CTN Offer, can I be forced to sell my CCQ Shares?</b>	<p>You cannot be forced to sell your CCQ Shares unless CTN satisfies the required thresholds for compulsory acquisition under the Corporations Act. If the thresholds are satisfied CTN currently intends to compulsorily acquire any outstanding CCQ Shares.</p>
<b>Can I sell my shares on ASX?</b>	<p>Yes, but only if you have not accepted this Offer.</p> <p>Once you accept this Offer (even while it remains subject to conditions), you will not be able to sell Your Shares on the ASX, accept any other offer or otherwise deal with Your Shares until after the end of the Offer Period (and then only if the Offer remains subject to conditions). These restrictions are subject to any statutory withdrawal rights that may arise.</p>

Question	Answer
<p><b>What will happen if I accept the Offer?</b></p>	<p>If you accept the Offer, and the Offer becomes unconditional, you will be paid \$0.90 cash for each of your CCQ Shares.</p> <p>Once you accept the Offer (even while it remains subject to any conditions), you will not be able to accept any other offer or otherwise deal with your CCQ Shares. These restrictions are subject to any statutory withdrawal rights that may arise.</p> <p>You will be entitled to withdraw your acceptance if the Offer is varied in such a way as to postpone for more than one month the time by which CTN has to meet its obligations under the Offer and the Offer is subject to a condition. If this occurs, a notice will be sent to you at the relevant time that explains your rights to withdraw your acceptance of the Offer.</p>
<p><b>What if I have further enquiries in relation to the Contango Microcap Offer?</b></p>	<p>If you have further enquiries in relation to the CTN Offer, please call Public Relations Exchange on +61 3 9607 4500 from 9.00am - 5.00pm (Melbourne time) or email <a href="mailto:investor@prx.com.au">investor@prx.com.au</a>. Alternatively, you may contact your legal, financial or other professional adviser.</p> <p>Further material information may also be the subject of a supplementary bidder's statement from the Bidder.</p>

## 1. Key features of the CTN Offer

### 1.1 What CTN is offering to buy

CTN is offering to buy, on the terms and conditions set out in this Bidder's Statement, all CCQ Shares which are on issue as at the Register Date (other than those which are presently held by CTN).

You may only accept this Offer in respect of all of the CCQ Shares held by you. Partial acceptance of the Offer is not permitted.

### 1.2 What you will be paid if you accept the CTN Offer

If you accept the CTN Offer you will, subject to the satisfaction or waiver of the conditions to the Offer, be paid \$0.90 cash for each CCQ Share you hold.

Generally, the Bidder will pay the consideration due to you under the Offer on or before the earlier of:

- (a) one month after this Offer is validly accepted by you or one month after all of the conditions have been satisfied or waived (whichever is the later); and
- (b) if the Offer becomes unconditional, 21 days after the end of the Offer Period.

Full details of when payments will be made are set out in Section 1.6 of Appendix 1 to this Bidder's Statement.

### 1.3 No fees on acceptances

You will not pay any fees if you accept the CTN Offer (other than any fees a Broker may charge its clients to effect an acceptance in CHESS).

### 1.4 Close of the CTN Offer

The Offer will close at 7.00pm (Melbourne time) on 21 November 2011, unless it is extended in accordance with the Corporations Act.

### 1.5 There are some conditions to the CTN Offer

The Offer is subject to the conditions set out in Appendix 2 to this Bidder's Statement. In summary these are:

- Minimum acceptance of 50.1% of CCQ Shares at the end of the Offer Period;
- Between the Announcement Date and the end of the Offer Period, neither the S&P ASX 200 Index nor the S&P ASX 300 Diversified Financials Index fall to a level that is 10% below the level at the close of trading on the day immediately before the Announcement Date\*;
- No change in any tax law or any law affecting the regulation of financial markets takes effect or is announced between the Announcement Date and the end of the Offer Period;
- There is no change in board composition of CCQ or any general meeting convened for the purpose of appointing or removing a director from the Board of CCQ between the Announcement Date and the end of the Offer Period;
- Unless already announced to the ASX, neither CCQ nor any subsidiary of CCQ recommends, pays, declares or determines, or resolves to do recommend, pay, declare or determine any dividend or distribution other than the Final Dividend;
- Between the Announcement Date and the end of the Offer Period no Prescribed Occurrence occurs;
- No Material Adverse Change occurs between the Announcement Date and the end of the Offer Period; and
- No action is taken by a Government Agency between the Announcement Date and the end of the Offer Period.

\* S&P ASX 200 Index at the close of trade on 19 September 2011 was 4081.5 and S&P ASX 300 Diversified Financials Index at the close of trade on 19 September 2011 was 3074.6.

### 1.6 Where to go for further information

For guidance on how to accept the CTN Offer, please refer to the summary on the inside front cover of this booklet and to the more detailed instructions in the accompanying Acceptance Form. If, after doing so, you have any queries in relation to accepting the CTN Offer, please call Public Relations Exchange from 9.00am – 5.00pm (Melbourne time) on +61 3 9607 4500 or email [investor@prx.com.au](mailto:investor@prx.com.au). Please do not send your completed Acceptance Form by email.

For all other queries in relation to the CTN Offer, please contact your legal, financial or other professional adviser.



## 1.7 Important notice

The information in this Section 1 is a **summary only** of key features of the CTN Offer and is qualified in its entirety by the detailed information set out elsewhere in this Bidder's Statement.

You should read the entire Bidder's Statement and the Target's Statement before deciding whether to accept the CTN Offer.

## **2. Profile of CTN**

### **2.1 Bidder**

The Bidder is Contango Microcap Limited (CTN).

- (a) The Bidder was incorporated on 14 January 2004 in Australia and listed on the ASX in March 2004 (ASX: CTN). The Bidder is registered with ASIC as a company under the Corporations Act.
- (b) As set out below, the principal activities of the Company during the financial year ended 30 June 2011 were investment in microcap companies listed on the ASX.
- (c) The current Directors of the Bidder are Mr David Stevens, Mr Glenn Fowles, Mr Ian Ferres and Mr Mark Kerr.

### **2.2 Major activities of CTN**

CTN was established in January 2004 to provide investors with the opportunity to access the benefits of investment in the microcap sector of the ASX utilising the portfolio investment and management skills of Contango Asset Management Limited AFSL No. 237119, ABN 52 085 487 421 (CAML). The microcap sector of the ASX is regarded as those securities listed on the ASX except for the companies listed in the ASX 300 Index.

The investment performance of the CTN portfolio is one of the best in the Australian marketplace. From inception until 30 September 2011, the investment portfolio has provided a compound return of 19.8% per annum compared with the ASX All Ordinaries Accumulation Index of 5.8% pa over the same period.

Further, over the 12 months to 30 June 2011, the share price of CTN rose from \$0.735 to \$1.190, an appreciation of 61.9% (outperforming and exceeding appreciation in the ASX All Ordinaries Index of 7.8% during this period by 54.1%). As at the close of trading on ASX on 5 October 2011, the share price of CTN was \$0.845 per share.

While recent months have been very difficult for the equities markets in general, the outlook for the Australian microcap sector remains positive. Although it is expected that Europe and the US will record sub-par economic growth and there will be periodic bouts of instability in equity markets worldwide, Australia's greater exposure to emerging economies, particularly in Asia, will add support to Australia's economy and commodity prices going forward. This provides a robust setting for long term investment in microcap companies and CTN is well positioned to participate in the growth sector.

### **2.3 Investment Management Agreement with CAML**

CTN appointed CAML as its professional investment manager under an Investment Management Agreement dated 19 January 2004. The Investment Management Agreement delegates to CAML the responsibility to undertake the investment, operating, compliance and administrative requirements of CTN.

Included within the Investment Management Agreement are details of:

- Investment guidelines and restrictions
- Reporting requirements
- Performance measures
- Remuneration and compensation payable to CAML
- Termination provisions

While CTN predominantly invests on a medium to long term basis in the listed securities of companies forming part of the microcap sector of ASX, the investment strategy and guidelines given to CAML permit investment of CTN in a broad range of other listed securities, preference shares, units, convertible notes, loan securities, other securities of an equity nature listed on the ASX (including options and futures contracts), the underwriting and sub-underwriting of issues of securities, bills of exchange and other negotiable investments.

## 2.4 Directors

The Directors of the Bidder are.

### **David Stevens – Chairman (Non-Executive Director)**

#### *Qualifications*

Bachelor of Economics (Monash University)

#### *Appointment*

14 January 2004

#### *Experience and expertise*

David first began in the investment industry in 1978. He has particular expertise and knowledge of Australian equities strategic asset allocation. David joined HSBC Asset Management in 1989, subsequently becoming Chief Investment Officer in 1990 and Managing Director from 1992 until his resignation in November 1998.

Funds under management at HSBC grew from \$700 million to in excess of \$6.3 billion during his period as Managing Director. The bulk of these were in Balanced and Australian equity mandates.

David established CAML in 1998. He is the Managing Director of CAML and has been since its inception. He was portfolio manager of CTN's investment portfolio from its inception in March 2004 until June 2010. David is now Chief Investment Officer of CAML, has responsibility for CAML's ASX 300 Australian Equity portfolios, chairs the monthly Investment Strategy Meeting, and is the analyst for the banking sector.

David is also a Director of CCQ and has been since 27 February 2007.

### **Glenn Fowles (Non-Executive director, Chief Financial Officer and Company Secretary)**

#### *Qualifications*

Bachelor of Business (Accounting and Finance) (Massey University, NZ)

#### *Appointment*

14 January 2004

*Experience and expertise*

Glenn has worked in the financial services industry since 1985. His roles at fund management organisations have included that of Company Accountant, Operations Manager, Financial Controller, Finance Director, Chief Operating Officer and Chief Executive Officer. Glenn has extensive experience in all aspects of investment administration, including investment accounting, custody, information systems, compliance and taxation.

As well as being a Director of CTN, Glenn is also the Chief Financial Officer and Company Secretary, with responsibility for CTN's compliance and financial reporting activities.

Glenn joined CAML in June 1999 as its Chief Operating Officer and continues to hold that position. He has responsibility for all of CAML's operational, compliance and financial reporting activities. As well as being a Director, he is also CAML's Company Secretary.

Glenn is also a Director of CCQ and has been since 30 December 2010. He also fulfils the role of Chief Financial Officer and Company Secretary of CCQ.

**Ian Ferres (Non-Executive Director)***Qualifications*

FIAA, FAICD

*Appointment*

7 December 2009

*Experience and expertise*

Ian has had a long executive career in the funds management industry. His executive roles included Executive Director, National Mutual from 1983 to 1990. He had responsibility for all worldwide equity, property, and fixed interest investments, and financial/banking ventures from 1975 to 1988 and was Managing Director of Meridian Funds Management 1988 to 1990. Subsequently, he was CEO and Group Managing Director of Australian Unity from 2002 to 2004.

Ian currently holds a number of non-executive positions including: Consultant, TressCox Lawyers; Chairman, Australian Healthcare Investment Company Limited since October 2009; Director, Australian Unity Limited since 1999; Director, CEDA since 2008; and Member, Australia Day Committee (Victoria) since 2003.

**Mark Kerr (Non-Executive Director)***Qualifications*

LL.B. (University of Melbourne)

*Appointment*

7 December 2009

*Experience and expertise*

Mark has specialist expertise in the areas of finance, marketing, property and issues management. In 1989 he was appointed Finance Director of Weber Shandwick Worldwide Australia (WSW)

(formerly known as International Public Relations), in 1994 joint Managing Director, then in 1998, Chief Executive Officer.

Mark has served on a number of public company boards - he is currently Chairman of Hawthorn Resources Limited and was a Director of Ellendale Resources NL up to 2008. Mark is also a Director of Berkeley Consultants Pty Ltd, a public relations and reputation management consultancy.

## **2.5 Financial information**

According to the audited consolidated financial statements of CTN for the financial year ended 30 June 2011, the Net Assets of CTN at 30 June 2011 totalled \$206.6m – an increase of \$26.1m over the financial year.

CTN announced an operating profit before tax for the year to 30 June 2011 of \$58.4 million and a profit after tax of \$42.2 million – an improvement of \$23.9 million (131%) on the profit after tax for the previous year.

This result reflects the strong performance of the investment portfolio which generated a return of 37.2% over the 12 months to 30 June 2011 – 25% in excess over the All Ordinaries Accumulation Index which returned 12.2% for the corresponding period.

Financial information presented in this section has been extracted from the audited financial statements and reports of CTN for the year ended 30 June 2011. CCQ Shareholders should note that the financial information in this section is presented in an abbreviated form and does not contain all the disclosures usually provided in an annual report prepared in accordance with Australian Accounting Standards and the Corporations Act.

## **2.6 Substantial Shareholders in CTN**

As at 5 October 2011, the major shareholders (exceeding 5%) in CTN were:

- (a) CAML which holds 9,114,168 shares – 6.18%; and
- (b) UBS Wealth Management Australia Nominees Pty Ltd which holds 7,588,387 shares - 5.15%.

## **2.7 Rationale for the Offer**

The reasons that CTN is making the Offer are:

- (a) to obtain control of a specialist listed investment company;
- (b) to capitalise on CCQ's 49.99% interest in CAML, which is the investment manager of the investment portfolios of both CCQ and CTN under separate investment management agreements. An investment in CAML, through CCQ, represents an opportunity for CTN to acquire an interest in the entity managing its investment funds, and to derive benefit from the fees paid to CAML, without the need for CTN to employ and incur the substantial costs associated with a full time management team and the other necessary infrastructure;
- (c) the investment portfolio and assets of CCQ represent an attractive investment opportunity for CTN; and

- (d) the acquisition of CCQ at this stage in the economic cycle should assist to position CTN for future growth.

### 3. Profile of CCQ

#### 3.1 Disclaimer

The information in this Section 3 in relation to CCQ has been prepared based on a review of publicly available information (which has not been independently verified) and information made available by CCQ. CTN has not undertaken a due diligence investigation of CCQ nor does CTN have access to any non-public information about CCQ. CTN does not make any representation or warranty, express or implied, as to the accuracy or completeness of such information.

The information on CCQ in this Bidder's Statement should not be considered comprehensive.

Further information relating to CCQ's business and its securities will be included in CCQ's Target's Statement. Further information regarding CCQ can also be obtained from the public announcements made by CCQ to the ASX or by contacting CCQ.

#### 3.2 Profile of CCQ

Contango Capital Partners Limited (CCQ) was established in May 2007 and is an investment company which invests in equity interests in financial services companies in Australia, New Zealand and Asia utilising the portfolio investment and management skills of CAML. CCQ was listed on the ASX on 30 May 2007 (ASX: CCQ).

CCQ's investment assets include investments in niche investment managers, financial planners and larger more liquid listed Australian financial securities.

#### 3.3 Financials

According to the Full Year Statutory Accounts for the financial year ended 30 June 2011, released to ASX on 22 August 2011, the book value of the total assets of CCQ was \$21,334,000 (with the book value of its net assets being \$21,300,000). For the year ended 30 June 2011, the profit after tax was \$884,223 (compared to the previous financial year profit after tax of \$2,082,922). For the half year ended 31 December 2010, CCQ reported a profit after tax of \$1,660,603.

#### 3.4 Shareholding structure of CCQ

As at the date of this Bidder's Statement, the following entities had notified CCQ of current substantial shareholdings in CCQ (with the CCQ shareholding and voting power being calculated on the basis of information which has been disclosed publicly):

Shareholder	Number of Shares	Voting Power (%)
CAML*	3,960,041	19.99%
Wilson Asset Management Group**	3,938,302	19.9%
CTN	3,095,925	15.63%
Ayersland Pty Ltd ACN 061 719 275	991,573	5%

In addition, according to the Annual Report to Shareholders of CCQ dated 6 September 2011, Ginga Pty Ltd <TG Klinger Super Fund A/C> held 1,500,000 CCQ Shares – 7.57%\*\*\*.

\* The voting power of CAML includes the CCQ Shares in respect of which CTN has voting power of 15.63%.

\*\* The following entities form the Wilson Asset Management Group: Wilson Asset Management (International) Pty Ltd ACN 081 047 118, MAM Pty Limited ACN 100 276 542, WAM Capital Limited ACN 086 587 395, WAM Research Limited ACN 100 504 541, WAM Active Limited ACN 126 420 719 and Botanical Nominees Pty Limited as trustee of the Wilson Asset Management Equity Fund.

\*\*\* The Annual Report to Shareholders discloses an additional holding for Ginga Pty Ltd <TG Klinger Super Fund A/C> in respect of 195,263 CCQ Shares – 0.99%.

### **3.5 Publicly available information**

CCQ was listed on ASX on 30 May 2007 (ASX: CCQ) and further information in relation to CCQ, including company announcements and the most recent annual report, is available at the ASX website ([www.asx.com.au](http://www.asx.com.au)). CCQ's ACN number is 124 184 765 and some further information in relation to CCQ is also available at the ASIC website ([www.asic.gov.au](http://www.asic.gov.au)).

### **3.6 CCQ's issued securities**

Please refer to Sections 7.2 and 7.3 of this Bidder's Statement for details of CCQ's issued securities, the Bidder's interest in those securities and the Bidder's dealings in those securities.

The Offer extends to CCQ Shares that are issued as at the Register Date.



## **4. CTN's intentions in relation to CCQ**

### **4.1 Introduction**

This Section sets out CTN's intentions, on the basis of the facts and information concerning CCQ which are currently known to CTN and the existing circumstances affecting the business of CCQ, in relation to:

- the continuation of the business of CCQ; and
- any major changes to be made to the business of CCQ, including any redeployment of its fixed assets.

### **4.2 Pre-Offer review**

CTN has reviewed publicly available information in relation to CCQ.

Following the close of the Offer, CTN will conduct a full review of the operations, assets and structure of CCQ in light of the further information concerning the operations, assets and structure of CCQ that it expects will then be available to it. Final decisions will only be reached after that review and in light of all material facts and circumstances. Accordingly, statements set out in this Section are statements of current intention only, which may change as new information becomes available or circumstances change. The statements in this Section should be read in this context.

### **4.3 Intentions for CCQ on gaining control of more than 90% of CCQ**

This Section 4.3 describes CTN's intentions if CTN acquires a relevant interest in 90% or more of the Shares, and CTN becomes entitled to proceed to compulsory acquisition of all outstanding CCQ Shares in accordance with Part 6A.1 of the Corporations Act.

In that circumstance, CTN's current intentions are as follows:

- (a) acquire all CCQ Shares that were issued or granted after the end of the Offer Period but before CTN issues a compulsory acquisition notice in accordance with the Corporations Act;
- (b) acquire securities that will become CCQ Shares due to the conversion of or exercise of rights attached to the securities as soon as practicable after CCQ gives a compulsory acquisition notice in accordance with the Corporations Act;
- (c) offer to acquire any CCQ Shares held by its associates;
- (d) delist CCQ Shares from quotation on ASX; and
- (e) carry out the other intentions set out in section 4.4 below.

### **4.4 Intentions of CTN upon gaining control of more than 50.1% but less than 90% of CCQ**

If CTN acquires a relevant interest in 50.1% or more of CCQ Shares and the Offer is declared or becomes free of all other conditions but CTN does not become entitled to compulsorily acquire the outstanding CCQ Shares then the current intentions of CTN are as follows:

- (a) CTN will seek to reconstitute the CCQ Board to reflect the majority ownership of CTN with a majority of directors to be nominated by CTN. The candidates for election would include current directors of CTN, including Mr Ian Ferres and Mr Mark Kerr, (noting that Mr David Stevens and Mr Glenn Fowles are already directors of CCQ). CTN believes that the experience, qualifications and skills of those persons are suitable and appropriate;
- (b) after the takeover bid is concluded, CTN will discuss with the existing CCQ Board whether new independent directors should be appointed;
- (c) consider whether it is appropriate to maintain CCQ's listing on ASX, having regard to considerations such as the costs associated with maintaining that listing, CTN's final level of ownership, the number of remaining shareholders in CCQ and the level of trading in CCQ Shares;
- (d) CTN will conduct a general review of CCQ's operations;
- (e) the business of CCQ will be continued in substantially the same manner as it is currently being conducted subject to the general review of CCQ's operations;
- (f) no major changes will be made to the business of CCQ;
- (g) CTN may acquire further CCQ Shares in the future subject to compliance with the Corporations Act and the Listing Rules; and
- (h) if at the end of the Offer Period, CTN does not become entitled to compulsorily acquire all outstanding CCQ Shares, it may be or become entitled to exercise general compulsory rights under Part 6A.2 of the Corporations Act. CCQ intends to exercise those rights if they become available.

CTN understands that as at the date of this Bidder's Statement, CCQ does not have any employees as a consequence of the CCQ Investment Management Agreement (between CCQ and CAML) and its delegations.

Any transactions between CTN and CCQ required to effect the above intentions are expected to be entered into on arm's length terms, and if required by law, CCQ will seek any necessary approval of the remaining shareholders of CCQ to implement those steps.

#### **4.5 Intentions of CTN upon gaining control of less than 50.1% of CCQ**

At the date of this Bidder's Statement, and based on the information available to them, CTN Directors do not currently intend to waive the minimum acceptance condition. Therefore, if CTN does not receive acceptances for 50.1% or more of the CCQ Shares before the close of the Offer then the Offer will lapse unless new information becomes available or circumstances change.

## 5. Sources of consideration

### 5.1 Total consideration

The consideration for the acquisition of the Shares to which the Offer relates will be satisfied by the payment of cash (in Australian dollars).

If acceptances are received for all Shares on issue as at 21 November 2011 that CTN does not already hold, the amount of cash that the Bidder would be required to pay under the Offer would be \$15,035,840 (**Maximum Offer Amount**).

### 5.2 Sources of cash consideration

CTN will be able to fund the Maximum Offer Amount through existing cash resources and liquid securities held within the investment portfolio.

### 5.3 Provision of consideration

On the basis of the arrangements described in this Section 5, CTN believes that it has reasonable grounds for holding the view, and holds the view, that it will be able to provide the consideration offered under the Offer and otherwise fund the Maximum Offer Amount from its existing cash resources and liquid securities held within the investment portfolio.

## 6. Taxation considerations

### 6.1 Introduction

The following is a general description of the Australian tax consequences for CCQ Shareholders on disposing of their CCQ Shares (through acceptance of the Offer) in return for cash consideration. The comments set out below are relevant only to those CCQ Shareholders who hold their CCQ Shares on capital account.

Certain CCQ Shareholders (such as those engaged in a business of trading or investment, those who acquired their CCQ Shares for the purpose of resale at a profit or those which are banks, insurance companies, tax exempt organisations, superannuation funds, persons who are temporary residents for Australian tax purposes or persons who acquire their CCQ Shares in respect of their employment with, or provision of services to, CCQ) will or may be subject to special or different tax consequences peculiar to their circumstances.

CCQ Shareholders who are not resident in Australia for tax purposes should also take into account the tax consequences, under the laws of their country of residence, as well as under Australian law, of the disposal of their CCQ Shares under the Offer.

The following description is based on taxation law and practice in effect as at the date of this Bidder's Statement. It is not intended to be an authoritative or complete statement or analysis of the taxation laws applicable to the particular circumstances of every CCQ Shareholder. CCQ Shareholders should seek independent professional advice regarding the taxation consequences of disposing of their CCQ Shares in the light of their own particular circumstances.

### 6.2 Australian resident CCQ Shareholders

Acceptance of the Offer will involve the disposal by CCQ Shareholders of their CCQ Shares, by way of transfer of those shares to CTN. The disposal of CCQ Shares will constitute a 'CGT Event' for CGT purposes. The CGT Event will occur at the later of the time at which the CCQ Shareholder accepts the Offer or, if the Offer is subject to conditions at the time at which the CCQ Shareholder accepts the Offer, the time at which the Offer becomes unconditional.

Australian resident CCQ Shareholders may make a capital gain or capital loss on the disposal of their CCQ Shares under the Offer.

A capital gain will arise if the capital proceeds (i.e. the amount of cash received as consideration for the disposal of your CCQ Shares) exceeds your cost base in the CCQ Shares. A capital loss will arise where the capital proceeds on disposal are less than the reduced cost base of the CCQ Shares.

The cost base and reduced cost base of CCQ Shares is generally their cost of acquisition or deemed cost of acquisition. Certain other amounts associated with acquisition and disposal, such as brokerage or stamp duty, may be added to the cost base and reduced cost base.

#### (a) CGT discount

A CCQ Shareholder who is an individual, complying superannuation entity or trustee of a trust, and who does not or cannot elect to adjust their cost base for indexation may be

eligible to claim a 'CGT Discount' if they acquired (or are deemed to have acquired) their CCQ Shares 12 months or more before the time of the CGT Event.

Broadly, the CGT Discount can apply to reduce an eligible taxpayer's capital gain made on disposal of their CCQ Shares after any capital losses have been applied to reduce the gross amount of their capital gains for the income year. This means that:

- (i) in the case of an individual and a trust, only one-half of their capital gain on those shares (after deducting available capital losses) will be included in the net capital gain of the taxpayer; and
- (ii) in the case of a complying superannuation entity, only two-thirds of their capital gain on those shares (after deducting available capital losses) will be included in the net capital gain of the taxpayer.

(b) No CGT Discount is available for companies

CCQ shareholders that are companies (other than in the capacity of a trustee) are not entitled to the CGT Discount in respect of the disposal of their CCQ Shares. Any capital gain that a company makes on the disposal of its shares, to the extent that it is not offset by any capital losses of the company, will be included in its assessable income and subject to tax at the corporate tax rate of 30%.

(c) Trustees

The tax consequences of any capital gain made on the disposal of the CCQ Shares by a trustee will broadly depend on how the trustee deals with the net capital gain of the trust. Broadly, either the trustee or a beneficiary of the trust will be assessed to tax on the net capital gain made on the disposal of the CCQ Shares.

CCQ Shareholders that are trusts should obtain specific tax advice as to whether they are entitled to obtain the benefit of the CGT Discount and in relation to the tax consequences of distributions attributable to discounted capital gains.

(d) Net capital gain

The amount of the capital gain, after applying any capital losses and the CGT Discount (if available), made by a taxpayer on the disposal of their CCQ Shares should be included in the taxpayer's assessable income and (after the application of any available deductions and carry-forward tax losses) subject to tax.

(e) Capital losses

Where a taxpayer makes a capital loss, those capital losses may only be offset against capital gains realised in the same income year or carried forward to be offset against future capital gains subject to specific integrity rules in the tax law.

### 6.3 Non-Australian resident CCQ Shareholders

Generally, a CCQ Shareholder who is not a resident for Australian tax purposes and who holds their CCQ Shares on capital account, should not be subject to CGT on the disposal of their CCQ Shares unless broadly:

- (a) that shareholder (either alone or together with its associates), owned or had an option or right to acquire, at the time of disposal or for any continuous 12 month period within 2 years preceding the disposal, 10% or more of the CCQ Shares during the years immediately preceding the disposal; and
- (b) more than 50% of CCQ's assets (calculated by value) are direct or indirect interests in taxable Australian property.

CCQ Shareholders who are not resident in Australia for tax purposes should also take into account the laws of their country of residence and any Double Tax Agreement between Australia and the CCQ Shareholder's country of residence in determining the tax consequences of the disposal of their CCQ Shares under the Offer.

#### **6.4 Stamp duty**

Under the Terms of the Offer the Bidder has agreed to pay any stamp duty relating to the acquisition of (and any agreement to acquire) your CCQ Shares by the Bidder.

#### **6.5 GST**

No GST will be payable by a CCQ Shareholder in respect of their sale of CCQ Shares to the Bidder pursuant to the Offer.

## 7. Additional information

### 7.1 Date for determining holders of Shares

For the purposes of section 633 of the Corporations Act, the date for determining the people to whom information is to be sent under items 6 and 12 of subsection 633(1) is the Register Date.

### 7.2 Bidder's interest in CCQ Shares

(a) CCQ's issued securities

CTN holds 15.63% of the issued shares in CCQ, representing 3,095,925 CCQ Shares. CTN does not hold any right to dispose of, or exercise votes attached to, any other CCQ Shares, or control any such right or votes (whether directly or indirectly).

(b) Voting power

As at the date of this Bidder's Statement, the Bidder's voting power in CCQ is 15.63%.

As at the Offer Date, the Bidder's voting power in CCQ is 15.63%.

(c) The total number of CCQ Shares that would be on issue on the date of this Bidder's Statement is 19,802,414.

### 7.3 Bidder's dealings in CCQ Shares

(a) Consideration in previous four months

During the four months before each of:

- (i) the date of this Bidder's Statement; and
- (ii) the Offer Date,

the Bidder increased its Relevant Interest in CCQ Shares by acquiring during the ordinary course of trading on ASX 1,489,000 CCQ Shares. These CCQ Shares were acquired between the Announcement Date and the date of this Bidder's Statement. Details are provided below:

- (i) 18 July 2011 – CTN sold 28,208 shares on-market on ASX for \$21,438 (at 76 cents per share)
- (ii) 20 September 2011 – CTN bought 747,025 shares on-market on ASX for \$674,541 (at 90 cents per share)
- (iii) 21 September 2011 – CTN bought 299,856 shares on-market on ASX for 270,761 (at 90 cents per share)
- (iv) 26 September 2011 – CTN bought 442,119 shares on-market on ASX for \$397,907 (at 90 cents per share)

Prior to the Announcement Date, CTN had a Relevant Interest in CCQ Shares of approximately 8.1%.

- (b) No benefits given, offered or agreed

During the four months before each of:

- (i) the date of this Bidder's Statement; and
- (ii) the Offer Date,

neither the Bidder nor an Associate gave, offered to give or agreed to give a benefit to another person that was likely to induce the other person or an associate to:

- (iii) accept an offer under the Takeover Bid; or
- (iv) dispose of securities in the bid class,

that was not offered to all holders of securities in the bid class.

#### **7.4 No agreements with CCQ Directors**

There is no agreement between the Bidder or its Associates and a Director or another officer of CCQ in connection with or conditional on the outcome of the CTN Offer.

#### **7.5 No other material information**

CTN is not aware of any information which it believes is material to the making of a decision by an offeree whether to accept the Offer (except for information previously disclosed to CCQ Shareholders or set out in this Bidder's Statement).

#### **7.6 Potential for waiver of conditions**

The Offer is subject to the conditions set out in Appendix 2, including a 50.1% minimum acceptance condition. Under the terms of the Offer and the Corporations Act, any, some or all of those conditions may be waived by the Bidder.

If an event occurs which results in the non-fulfilment of a condition in Appendix 2, the Bidder might not make a decision as to whether it will either rely on that non-fulfilment, or waive the condition, until the date for giving notice as to the status of the conditions of the Offer under section 630(3) of the Corporations Act: see section 1.10 of Appendix 1.

If there is a non-fulfilment of a condition set out in Appendix 2, or a condition is otherwise not satisfied, and the Bidder decides to rely on that occurrence, then any contract resulting from acceptance of the Offer will become void at the end of the Offer Period, and the relevant CCQ Shares will be returned to the holder.

#### **7.7 Consents**

Minter Ellison has given before the date of this Bidder's Statement, and has not withdrawn, its consent to being named in this Bidder's Statement as Australian legal adviser to CTN. Minter Ellison takes no responsibility for any part of this Bidder's Statement other than any reference to its name.

CAML has given before the date of this Bidder's Statement, and has not withdrawn, its consent to being named in this Bidder's Statement in the context in which it appears. CAML takes no responsibility for any part of this Bidder's Statement other than any reference to its name.

Computershare has given before the date of this Bidder's Statement, and has not withdrawn its consent to being named in this Bidder Statement in the context in which it appears.



Computershare takes no responsibility for any part of this Bidder's Statement other than any reference to its name.

### **7.8 Independent Expert's Report**

CCQ announced on 26 September 2011 that it has appointed Lonergan Edwards & Associates Limited to prepare an Independent Expert's Report in accordance with section 640 of the Corporations Act. That report will be provided to CCQ Shareholders with the Target Statement to be issued by CCQ. CCQ Shareholders should read that report carefully.

### **7.9 Other material information**

Except as disclosed elsewhere in this Bidder's Statement, there is no other information that is:

- (a) material to the making of a decision by a CCQ Shareholder whether or not to accept the CTN Offer; and
- (b) known to the Bidder,

which has not previously been disclosed to CCQ Shareholders.

## 8. Definitions and interpretation

### 8.1 Definitions

In this Bidder's Statement, the Acceptance Form and in Appendices 1 and 2, unless the context otherwise requires, the following terms have the meanings shown below.

<b>Defined Term</b>	<b>Meaning</b>
<b>Acceptance Form</b>	the acceptance form enclosed with this Bidder's Statement
<b>Announcement</b>	means the announcement of the Offer to ASX by CTN on 20 September 2011
<b>Announcement Date</b>	the date of the Announcement, being 20 September 2011
<b>Appendix</b>	an Appendix to this Bidder's Statement
<b>ASIC</b>	the Australian Securities and Investments Commission
<b>Associate</b>	has the meaning given to that term in Division 2 of Part 1.2 of the Corporations Act as if section 12(1) of that Act included a reference to this document and CCQ was the designated body
<b>ASX</b>	ASX Limited ABN 98 008 624 691 or the financial market which it operates, as the context requires
<b>ASX Settlement Operating Rules</b>	means the operating rules of ASX which govern the administration of CHESS
<b>Bidder</b>	CTN
<b>Bidder's Statement</b>	this document, being the statement of CTN under Part 6.5 Division 2 of the Corporations Act relating to the Offer
<b>Broker</b>	means a person who is a share broker and a participant in CHESS
<b>Business Day</b>	a day on which banks are open for business in Melbourne, excluding a Saturday, Sunday or public holiday
<b>CAML</b>	Contango Asset Management Limited AFSL No. 237119, ABN 52 085 487 421
<b>CCQ</b>	Contango Capital Partners Limited ABN 52 124 184 765
<b>CCQ Board</b>	the board of directors of CCQ
<b>CCQ Director</b>	a director of CCQ
<b>CCQ Group</b>	CCQ and its subsidiaries
<b>CCQ Investment Management Agreement</b>	means the investment management agreement between CCQ and CAML dated 3 April 2007

Defined Term	Meaning
<b>CCQ Share or Share</b>	a fully paid ordinary share in the capital of CCQ
<b>CCQ Shareholder</b>	a person registered as a holder of CCQ Shares during the Offer Period
<b>CHESS</b>	means Clearing House Electronic Sub-Register System established and operated by ASX Settlement Pty Limited ACN 008 504 532
<b>CHESS Holding</b>	a holding of Shares on the CHESS sub-register of CCQ (usually a CHESS holding will be through a Controlling Participant)
<b>Controlling Participant</b>	in relation to Your Shares has the same meaning as in the ASX Settlement Operating Rules
<b>condition</b>	each defeating condition to which the Offer is subject, as set out in Appendix 2
<b>Corporations Act</b>	the <i>Corporations Act 2001</i> (Cth)
<b>CTN</b>	Contango Microcap Limited ABN 47 107 617 381
<b>CTN Board</b>	the board of directors of CTN
<b>CTN Director</b>	a director of CTN
<b>CTN Group</b>	CTN and its related bodies corporate
<b>Final Dividend</b>	the final dividend for the financial year ended 30 June 2011 of 3 cents per CCQ Share, as announced by CCQ on 23 September 2011 to be paid on 12 October 2011
<b>Government Agency</b>	any government or any governmental, semi-governmental, administrative, monetary, fiscal or judicial body, department, commission, authority, tribunal, agency or entity in any part of the world, including any self-regulatory organisation established under statute or otherwise discharging substantially public or regulatory functions, including ASIC and ASX or any other stock exchange
<b>GST</b>	has the meaning given to that term in the <i>A New Tax System (Goods and Services Tax) Act 1999</i> (Cth)
<b>Independent Directors</b>	the independent non-executive Directors of CTN, Mr Ian Ferres and Mr Mark Kerr
<b>Independent Expert</b>	Lonergan Edwards & Associates Limited ACN 095 445 560
<b>Independent Expert's Report</b>	the report to be prepared by the Independent Expert (at the request of CCQ) in accordance with section 640 of the Corporations Act
<b>Issuer Sponsored Holdings</b>	a holding of Shares on CCQ's issuer sponsored sub-register
<b>Listing Rules</b>	the official Listing Rules of ASX
<b>Material Adverse</b>	has the meaning given in Appendix 2

Defined Term	Meaning
<b>Change</b>	
<b>Maximum Offer Amount</b>	\$15,035,840, being the maximum cash amount required to settle acceptances under the Offer, as described in Section 5.1
<b>NTA</b>	the net tangible asset value per share in CCQ
<b>Offer or CTN Offer</b>	the offer by the Bidder for Your Shares under the terms and conditions contained in Appendices 1 and 2
<b>Offer Date</b>	21 October 2011, being the date on which the first of the Offers was sent to each holder of CCQ Shares registered in the CCQ Share register at the Register Date
<b>Offer Period</b>	the period during which the Offer will remain open for acceptance in accordance with Section 1.2 of Appendix 1 to this Bidder's Statement

Defined Term	Meaning
<b>Offer Price</b>	\$0.90 cash per Share
<b>Participant</b>	an entity admitted to participate in the Clearing House Electronic Sub-register system under the ASX Settlement Operating Rules
<b>Prescribed Occurrence</b>	<p>means any of the following events:</p> <ul style="list-style-type: none"> <li>(a) CCQ converts all or any of its shares into a larger or smaller number of shares;</li> <li>(b) CCQ or a Subsidiary of CCQ resolves to reduce its capital in any way;</li> <li>(c) CCQ or a Subsidiary of CCQ: <ul style="list-style-type: none"> <li>(i) enters into a buy-back agreement; or</li> <li>(ii) resolves to approve the terms of a buy-back agreement under subsection 257C(1) or 257D(1) of the Corporations Act;</li> </ul> </li> <li>(d) CCQ or a Subsidiary of CCQ issues shares, or grants an option over its shares, or agrees to make such an issue or grant such an option;</li> <li>(e) CCQ or a Subsidiary of CCQ issues, or agrees to issue, convertible notes;</li> <li>(f) CCQ or a Subsidiary of CCQ disposes, or agrees to dispose, of the whole, or a substantial part, of its business or property;</li> <li>(g) CCQ or a Subsidiary of CCQ charges, or agrees to charge the whole, or a substantial part, of its business or property;</li> <li>(h) CCQ or a Subsidiary of CCQ resolves to be wound up;</li> <li>(i) a liquidator or provisional liquidator of CCQ or of a Subsidiary of CCQ is appointed;</li> <li>(j) a court makes an order for the winding up of CCQ or of a Subsidiary of CCQ;</li> <li>(k) an administrator of CCQ or of a Subsidiary of CCQ is appointed under section 436A, 436B or 436C of the Corporations Act;</li> <li>(l) CCQ or a Subsidiary of CCQ executes a deed of company arrangement; or</li> <li>(m) a receiver, or a receiver and manager, is appointed in relation to the whole, or a substantial part, of the property of CCQ or of a Subsidiary of CCQ.</li> </ul>
<b>Register Date</b>	the date set by the Bidder under subsection 633(2) of the Corporations Act, being 7.00pm (Melbourne time) on 14 October 2011
<b>Regulatory</b>	(a) any approval, consent, authorisation, registration, filing, lodgement, permit, franchise, agreement, notarisation,

Defined Term	Meaning
<b>Approval</b>	<p>certificate, permission, licence, direction, declaration, authority, waiver, modification or exemption from, by or with a Government Agency; or</p> <p>(b) in relation to anything that would be fully or partly prohibited or restricted by law if a Government Agency intervened or acted in any way after lodgement, filing, registration or notification:</p> <p>(i) the expiry of any applicable period without intervention or action; or</p> <p>(ii) the receipt of a statement in writing from the Government Agency that it does not intend to intervene or take action</p>
<b>Related Entity</b>	in relation to a party, any body corporate which is related to that party within the meaning of section 50 of the Corporations Act
<b>Relevant Interest</b>	has the meaning given in sections 608 and 609 of the Corporations Act
<b>Rights</b>	all accretions, rights or benefits of whatever kind attaching to or arising from Shares directly or indirectly at or after the Announcement Date (including, but not limited to, all dividends, and all rights to receive them or rights to receive or subscribe for shares, notes, bonds, options or other securities declares, paid or issued by CCQ or any of its subsidiaries)
<b>Section</b>	a section of this Bidder's Statement or, as the context requires, a section of Appendix 1
<b>Subsidiary</b>	has the meaning given to that term in section 9 of the Corporations Act
<b>Takeover Bid</b>	the off-market takeover bid constituted by the despatch of the Offers in accordance with the Corporations Act
<b>Takeovers Panel</b>	the Takeovers Panel continued in existence under section 261 of the <i>Australian Securities and Investments Commission Act 2001</i> (Cth)
<b>Target</b>	CCQ
<b>Target's Statement</b>	the statement of CCQ to be issued under Division 3 of Part 6.5 of the Corporations Act in response to the Offer
<b>Your Shares or your CCQ Shares</b>	<p>subject to Section 1.1(e) and Section 1.1(f) of Appendix 1 to this Bidder's Statement, the Shares:</p> <p>(a) in respect of which you are registered, or entitled to be registered, as holder in the register of shareholders of CCQ at 7.00pm (Melbourne time) on the Register Date; or</p> <p>(b) to which you are able to give good title at the time you accept this Offer during the Offer Period</p>

## 8.2 Interpretation

In this Bidder's Statement, the Acceptance Form and in Appendices 1 and 2, unless the context otherwise requires:

- (a) words and phrases, if not defined above, have the same meaning (if any) given to them in the Corporations Act;
- (b) words importing a gender include any gender;
- (c) words importing the singular include the plural and vice versa;
- (d) an expression importing a natural person includes any company, partnership, joint venture, association, corporation or other body corporate and vice versa;
- (e) a reference to a clause, appendix and schedule is a reference to a clause of and an annexure and schedule to this Bidder's Statement as relevant;
- (f) a reference to any statute, regulation, proclamation, ordinance or by-law includes all statutes, regulations, proclamations, ordinances, or by-laws amending, varying, consolidating or replacing it and a reference to a statute includes all regulations, proclamations, ordinances and by-laws issued under that statute;
- (g) headings and boldings are for convenience only and do not affect the interpretation of this Bidder's Statement;
- (h) a reference to time is a reference to time in Melbourne, Australia;
- (i) a reference to writing includes facsimile transmissions; and
- (j) a reference to dollars, \$, A\$, cents, and currency is a reference to the lawful currency of the Commonwealth of Australia.

## 9. Approval of Bidder's Statement

This Bidder's Statement has been approved by a resolution of the directors of Contango Microcap Limited dated 6 October 2011.

**Dated:** 6 October 2011

**Signed**

[\*]



[insert]

Director

for and on behalf of Contango Microcap Limited



# Appendix 1 – Terms of the Offer

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## 1.1 The Offer

- (a) The Bidder offers to acquire all of Your Shares on and subject to the terms and conditions set out in this Appendix 1.
- (b) The consideration under the Offer is \$0.90 cash per CCQ Share.
- (c) By accepting the Offer, you undertake to transfer to the Bidder not only the Shares to which the Offer relates, but also all Rights attached to those Shares (see Sections 1.5(c)(iv) and Section 1.6(c)).
- (d) This Offer is being made to each person registered as the holder of Shares in the register of CCQ Shareholders at 7:00pm (Melbourne time) on the Register Date. It also extends to:
  - (i) holders of securities that come to be CCQ Shareholders during the period from the Register Date to the end of the Offer Period due to the conversion of, or exercise of rights conferred by, such securities and which are on issue as at the Register Date; and
  - (ii) any person who becomes registered, or entitled to be registered, as the holder of Your Shares during the Offer Period.
- (e) If, at the time the Offer is made to you, or at any time during the Offer Period, another person is, or is entitled to be, registered as the holder of some or all of Your Shares then:
  - (i) a corresponding offer on the same terms and conditions as this Offer will be deemed to have been made to that other person in respect of those Shares;
  - (ii) a corresponding offer on the same terms and conditions as this Offer will be deemed to have been made to you in respect of any other Shares you hold to which the Offer relates; and
  - (iii) this Offer, as it applies to you, will be deemed to have been withdrawn immediately at that time.
- (f) If, at any time during the Offer Period, you are registered or entitled to be registered as the holder of one or more parcels of Shares as trustee or nominee for, or otherwise on account of, another person, you may accept as if a separate offer on the same terms and conditions as this Offer had been made in relation to each of those parcels and any parcel you hold in your own right. To validly accept the offer for each distinct parcel, you must comply with the procedure in subsection 653B(3) of the Corporations Act.
- (g) If, for the purposes of complying with that procedure, you require additional copies of this Bidder's Statement and/or the Acceptance Form, please call Public Relations Exchange from 9.00am-5.00pm (Melbourne time) on +61 3 9607 4500 or email [investor@prx.com.au](mailto:investor@prx.com.au).
- (h) If Your Shares are registered in the name of a broker, investment dealer, bank, trust company or other nominee, you should contact that party for assistance in accepting the Offer.
- (i) The Offer is dated 21 October 2011.

## 1.2 Offer Period

- (a) Unless withdrawn, the Offer will remain open for acceptance during the period commencing on the date of this Offer and ending at 7:00pm (Melbourne time) on the later of:
  - (i) 21 November 2011; and
  - (ii) any date to which the Offer Period is extended.
- (b) The Bidder reserves the right, exercisable in its sole discretion, to extend the Offer Period in accordance with the Corporations Act.
- (c) If, within the last seven days of the Offer Period, either of the following events occur:
  - (i) the Offer is varied to improve the consideration offered; or
  - (ii) the Bidder's voting power in CCQ increases to more than 50%,
 the Offer Period will be automatically extended so that it ends 14 days after the relevant event in accordance with section 624(2) of the Corporations Act.

## 1.3 How to accept this Offer

- (a) General
  - (i) Subject to Section 1.1(e) and Section 1.1(f), you may accept this Offer for all of Your Shares.
  - (ii) You may accept this Offer at any time during the Offer Period.
- (b) To accept this Offer for Shares held in your name on CCQ's issuer sponsored sub register (in which case your Securityholder Reference Number will commence with an 'I'), you must:
  - (i) complete and sign the enclosed Acceptance Form in accordance with the instructions on it; and
  - (ii) send it, and all other documents required by the instructions on the Acceptance Form, so that they are received before the end of the Offer Period (7.00pm Melbourne time on 21 November 2011 unless the Offer Period is extended) at the address stated on the Acceptance Form.
- (c) If Your Shares are held in a CHESS Holding (in which case your Holder Identification Number will commence with an 'X'), and you are not a Participant, to accept this Offer, you should instruct your Broker either through whom you bought Your Shares or through whom you ordinarily acquire shares on ASX) to initiate acceptance of this Offer on your behalf in accordance with the ASX Settlement Operating Rules before the end of the Offer Period.
- (d) Alternatively, to accept this Offer for Your Shares held in a CHESS Holding (in which case your Holder Identification Number will commence with 'X'), you may sign and complete the Acceptance Form and ensure that it (including any documents required by the terms of this Offer and the instructions on the Acceptance Form) is received before the end of the Offer Period, at the address shown on the Acceptance Form.

- (e) If Your Shares are held in a CHESS Holding (in which case your Holder Identification Number will commence with 'X') you must comply with any other applicable ASX Settlement Operating Rules.

A reply paid return addressed envelope is enclosed for your use.

#### **1.4 Validity of acceptances**

- (a) Subject to this Section 1.4, your acceptance of the Offer will not be valid unless it is made in accordance with the procedures set out in Section 1.3.
- (b) The Bidder will determine, in its sole discretion, all questions as to the form of documents, eligibility to accept the Offer and time of receipt of an acceptance of the Offer. The Bidder is not required to communicate with you prior to making this determination. The determination of the Bidder will be final and binding on all parties.
- (c) Despite Section 1.3, the Bidder may, in its sole discretion, at any time and without further communication to you, deem any Acceptance Form it receives to be a valid acceptance in respect of Your Shares, even if a requirement for acceptance has not been complied with. However, the Bidder may, in its absolute discretion, decide not to despatch payment to you until:
- (i) the irregularity has been resolved; and
  - (ii) any other document required to enable the Bidder to be registered as the holder of Your Shares, has been given to the Bidder.
- (d) The Bidder will provide the consideration to you in accordance with Section 1.6 in respect of any part of an acceptance that is determined by the Bidder to be valid.
- (e) If any Shares delivered by you are not exchanged for cash for any reason under the terms and conditions of this Offer, they will be returned to you (at your risk) as promptly as practicable following the expiration or withdrawal of this Offer. In such case, the Bidder will return, at your risk, your Acceptance Form together with any other documents forwarded by you, to your address as shown on the Acceptance Form or such other address as you may notify the Bidder in writing.

#### **1.5 The effect of acceptance**

- (a) Once you have accepted this Offer, you will not be able to revoke your acceptance, the contract resulting from your acceptance will be binding on you and you will be unable to withdraw Your Shares from the Offer or otherwise dispose of Your Shares, except as follows:
- (i) if, by the relevant times specified in Section 1.5(b), the conditions in Appendix 2 have not all been fulfilled or waived, this Offer will automatically terminate and Your Shares will be returned to you; or
  - (ii) if the Offer Period is extended for more than one month and, at the time, this Offer remains subject to the conditions in Appendix 2, you may be able to withdraw your acceptance and Your Shares in accordance with section 650E of the Corporations Act. A notice will be sent to you at the time explaining your rights in this regard.
- (b) The relevant time or times for the purposes of the conditions in Section 1.5(a)(i) are:

- (i) in relation to any Prescribed Occurrence, the end of the third Business Day after the end of the Offer Period; and
  - (ii) in relation to all other conditions in Appendix 2, the end of the Offer Period.
- (c) By signing and returning the Acceptance Form, or otherwise accepting this Offer under Section 1.3, you will be deemed to have:
- (i) accepted this Offer (and any variation of it) in respect of Your Shares and, subject to conditions to this Offer in Appendix 2 being fulfilled or waived, agreed to transfer to the Bidder Your Shares (even if the number of Shares specified on the Acceptance Form differs from the number of Your Shares), subject to Section 1.1(e) and Section 1.1(f);
  - (ii) represented and warranted to the Bidder, as a fundamental condition going to the essence of the contract resulting from your acceptance, that at the time of acceptance, and the time the transfer of Your Shares (including any Rights) to the Bidder is registered, that all Your Shares are and will be free from all mortgages, charges, liens, encumbrances and adverse interests of any nature (whether legal or otherwise) and free from restrictions on transfer of any nature (whether legal or otherwise), that you have full power and capacity to accept this Offer and to sell and transfer the legal and beneficial ownership in Your Shares (including any Rights) to the Bidder, and that you have paid to CCQ all amounts which at the time of acceptance have fallen due for payment to CCQ in respect of Your Shares;
  - (iii) irrevocably authorised the Bidder (and any director, secretary, agent or nominee of the Bidder) to alter the Acceptance Form on your behalf by inserting correct details of Your Shares, filling in any blanks remaining on the form and rectifying any errors or omissions as may be considered necessary by the Bidder to make it an effective acceptance of this Offer or to enable registration of Your Shares in the name of the Bidder;
  - (iv) if you signed the Acceptance Form in respect of Shares which are held in a CHESS Holding, irrevocably authorised the Bidder (or any director, secretary, agent or nominee of the Bidder) to:
    - (A) instruct your Controlling Participant to initiate acceptance of this Offer in respect of Your Shares in accordance with the ASX Settlement Operating Rules; and
    - (B) give any other instructions in relation to Your Shares to your Controlling Participant, as determined by the Bidder acting in its own interests as a beneficial owner and intended registered holder of those Shares;
  - (v) irrevocably authorised and directed CCQ to pay to the Bidder, or to account to the Bidder for, all Rights in respect of Your Shares, subject, if this Offer is withdrawn, to the Bidder accounting to you for any such Rights received by the Bidder;
  - (vi) irrevocably authorised the Bidder to notify CCQ on your behalf that your place of address for the purpose of serving notices on you in respect of Your Shares is the address specified by the Bidder in the notification;
  - (vii) with effect from the date on which the conditions to this Offer in Appendix 2 have been fulfilled or waived:

- (A) irrevocably appointed the Bidder (and any director, secretary or nominee of the Bidder) severally from time to time as your true and lawful attorney to exercise all your powers and rights in relation to Your Shares, including (without limitation) powers and rights to requisition, convene, attend and vote in person, by proxy or by body corporate representative, at all general meetings of CCQ and to request CCQ to register, in the name of the Bidder or its nominee, Your Shares, as appropriate, with full power of substitution (such power of attorney, being coupled with an interest, being irrevocable); and
- (B) agreed not to attend or vote in person, by proxy or by body corporate representative at any general meeting of CCQ or to exercise or purport to exercise any of the powers and rights conferred on the Bidder (and its directors, secretaries and nominees) in Section 1.5(c)(vii)(A);
- (viii) agreed that in exercising the powers and rights conferred by the powers of attorney granted under Section 1.5(c)(vii)(A), the attorney will be entitled to act in the interests of the Bidder as the beneficial owner and intended registered holder of Your Shares;
- (ix) agreed to do all such acts, matters and things that the Bidder may require to give effect to the matters the subject of this Section 1.5(c) (including the execution of a written form of proxy to the same effect as this Section 1.5(c) which complies in all respects with the requirements of the constitution of CCQ if requested by the Bidder);
- (x) represented and warranted to the Bidder that, unless you have notified it in accordance with Section 1.1, Your Shares do not consist of separate parcels of Shares; and
- (xi) agreed, subject to the conditions to this Offer in Appendix 2 being fulfilled or waived, to execute all such documents, transfers and assurances, and do all such acts, matters and things that the Bidder may consider necessary or desirable to convey Your Shares registered in your name and Rights to the Bidder.
- (d) The undertakings and authorities referred to in Section 1.5(b) will remain in force after you receive the consideration for Your Shares and after the Bidder becomes registered as the holder of Your Shares.

## 1.6 Provision of consideration

- (a) Subject to Section 1.4(b) and Section 1.4(c), this Section 1.6 and the Corporations Act, the Bidder will provide the consideration due to you for Your Shares on or before the earlier of:
  - (i) one month after the date of your acceptance or, if this Offer is subject to a condition when you accept this Offer, within one month after this Offer becomes unconditional; and
  - (ii) if the Offer becomes unconditional, 21 days after the end of the Offer Period.
- (b) Where the Acceptance Form requires an additional document to be delivered with your Acceptance Form (such as a power of attorney):

- (i) if that document is given with your Acceptance Form, the Bidder will provide the consideration in accordance with Section 1.6(a);
  - (ii) if that document is given after your Acceptance Form and before the end of the Offer Period while this Offer is subject to a condition, the Bidder will provide the consideration due to you on or before the earlier of:
    - (A) one month after this Offer becomes unconditional; and
    - (B) 21 days after the end of the Offer Period;
  - (iii) if that document is given after your Acceptance Form and before the end of the Offer Period while this Offer is not subject to a condition, the Bidder will provide the consideration due to you on or before the earlier of:
    - (A) one month after that document is given; and
    - (B) 21 days after the end of this Offer Period; and
  - (iv) if that document is given after the end of the Offer Period, and the Offer is not subject to a condition, the Bidder will provide the consideration within 21 days after that document is delivered. However, if at the time the document is given, the Offer is still subject to a condition that relates only to the happening of an event or circumstance referred to in subsections 652C(1) or (2) of the Corporations Act, the Bidder will provide the consideration due to you within 21 days after the Offer becomes unconditional.
- (c) If you accept this Offer, the Bidder is entitled to all Rights in respect of Your Shares. The Bidder may require you to provide all documents necessary to vest title to those Rights in it, or otherwise to give it the benefit or value of those Rights. If you do not give those documents to the Bidder, or if you have received the benefit of those Rights, the Bidder will deduct from the consideration otherwise due to you the amount (or value, as reasonably assessed by the Bidder) of those Rights, together with the value (as reasonably assessed by the Bidder) of the franking credits, if any, attached to the Rights.
- (d) Payment of any cash amount to which you are entitled under the Offer will be made by cheque in Australian currency. Cheques will be posted to you at your risk by ordinary mail (or, in the case of overseas shareholders, by airmail) to the address as shown on your Acceptance Form (or if your address has been updated on the CCQ register after the date on which the Acceptance Form was prepared, to that new address). For the purpose of compliance with any timing requirement of this Offer or the Corporations Act, payment of any cash amount to which you are entitled under the Offer will be deemed to be made once the cheque is posted to the address as shown on your Acceptance Form (or if your address has been updated on the CCQ register after the date on which the Acceptance Form was prepared, to that new address).
- (e) If at the time you accept the Offer any of the following:
- (i) the *Banking (Foreign) Exchange Regulations 1959* (Cth);
  - (ii) Part 4 of the *Charter of the United Nations Act 1945* (Cth);
  - (iii) the *Charter of the United Nations (Sanctions – Al-Qaida and the Taliban) Regulations 2008* (Cth);
  - (iv) the *Charter of the United Nations (Sanctions – Iraq) Regulations 2006* (Cth); or

(v) any other law of Australia,

require that an authority, clearance or approval of the Reserve Bank of Australia, the Australian Taxation Office or any Government Agency be obtained before you receive any consideration for Your Shares, or would make it unlawful for the Bidder to provide any consideration to you for Your Shares, you will not be entitled to receive any consideration for Your Shares until all the requisite authorities, clearances or approvals have been received by the Bidder.

## **1.7 Conditions of this Offer**

Subject to Section 1.8(a), the completion of this Offer and any contract that results from an acceptance of this Offer, are subject to the fulfilment of the conditions in Appendix 2.

## **1.8 Nature and benefit of conditions**

- (a) The conditions in Appendix 2 are conditions subsequent to the formation of a binding contract on your acceptance of this Offer. None of those conditions prevents a contract to sell your CCQ Shares resulting from your acceptance of this Offer, however:
- (i) breach of any of those conditions entitles the Bidder to rescind that contract by written notice to you; and
  - (ii) non-fulfilment of any of those conditions at the end of the Offer Period will have the consequences set out in Section 1.11.
- (b) Subject to the Corporations Act and Section 1.8, the Bidder alone is entitled to the benefit of the conditions in Appendix 2 or to rely on any non-fulfilment of any of them.
- (c) Each condition in Appendix 2 is a separate, several and distinct condition. No condition will be taken to limit the meaning or effect or any other condition.

## **1.9 Freeing the Offer of conditions**

The Bidder may free this Offer, and any contract resulting from its acceptance, from the conditions subsequent in Appendix 2, either generally or by reference to a particular fact, matter, event, occurrence or circumstance (or class thereof), by giving a notice to CCQ declaring this Offer to be free from the relevant condition or conditions specified, in accordance with section 650F of the Corporations Act. This notice may be given in the case of any Prescribed Occurrence in Appendix 2 not later than 3 Business Days after the end of the Offer Period.

If, at the end of the third Business Day after the end of the Offer Period, the conditions in Appendix 2 have not been fulfilled and the Bidder has not declared the Offer (or it has not become) free from those conditions, all contracts resulting from the acceptance of the Offer will be automatically void.

## **1.10 Notice on status of conditions**

The date for giving the notice on the status of the conditions required by subsection 630(1) of the Corporations Act is 14 November 2011 being not more than 14 days and not less than 7 days before the end of the Offer Period (subject to extension in accordance with subsection 630(2) if the Offer Period is extended).

## **1.11 Contract void if conditions not fulfilled**

Your acceptance of this Offer, and any contract resulting from your acceptance of this Offer, will be automatically void if:

- (a) at the end of the Offer Period, one or more of the conditions in Appendix 2 have not been fulfilled; and
- (b) the Bidder has not declared this Offer and any contract resulting from your acceptance of it free from the conditions in Appendix 2 in accordance with Section 1.9.

### **1.12 Withdrawal of this Offer**

- (a) This Offer may be withdrawn with the consent in writing of ASIC, which consent may be subject to conditions. If ASIC gives such consent, the Bidder will give notice of the withdrawal to the ASX and to CCQ and will comply with any other conditions imposed by ASIC.
- (b) If, at the time this Offer is withdrawn, the conditions in Appendix 2 have been fulfilled or waived, all contracts arising from acceptance of the Offer before it was withdrawn will remain enforceable.
- (c) If, at the time this Offer is withdrawn, the Offer remains subject to the conditions in Appendix 2, all contracts arising from its acceptance will become void (whether or not the events referred to in the relevant conditions have occurred).
- (d) A withdrawal under this Section 1.12 will be deemed to take effect:
  - (i) if the withdrawal is not subject to conditions imposed by ASIC, on and after the date that consent in writing is given by ASIC; or
  - (ii) if the withdrawal is subject to conditions imposed by ASIC, on and after the date those conditions are satisfied.

### **1.13 Variation of this Offer**

The Bidder may at any time before the end of the Offer Period vary this Offer in accordance with the Corporations Act:

- (a) by extending the Offer Period;
- (b) by increasing the consideration payable under the Offer; or
- (c) with the written consent of ASIC, and subject to any conditions specified by ASIC in that consent, in the manner that ASIC permits.

If the Bidder extends the Offer Period, you will receive notice of the extension, unless, at the date of the extension, you have already accepted this Offer and the Offer has become free from the conditions in Appendix 2 or those conditions have been fulfilled.

### **1.14 Stamp duty**

The Bidder will pay (and will indemnify you and CCQ, and will keep you and CCQ indemnified, from) any stamp duty that is payable in connection with the acquisition of (and any agreement to acquire) your CCQ Shares to the Bidder (including any fine or penalty imposed in connection with such stamp duty).

### **1.15 GST**

No GST will be payable by CCQ Shareholders in respect of their sale of CCQ Shares to the Bidder pursuant to the Offer.

CCQ Shareholders may be charged GST on third party costs (such as brokerage and advisor fees) that they incur and which relate to their participation in the Offer. CCQ Shareholders may be



entitled to input tax credits for such costs, but should seek independent advice in relation to their individual circumstances.

### **1.16 Governing law**

This Offer and any contract that results from your acceptance of it are to be governed by the laws in force in Victoria, Australia.

### **1.17 Notices**

(a) Service on CCQ

The Bidder may give a notice to CCQ under the Takeover Bid by leaving it at, or sending it by prepaid ordinary post to, the registered office of CCQ.

(b) Service on the Bidder

You or CCQ may give a notice to the Bidder under the Takeover Bid by leaving it at, or sending it by prepaid ordinary post to the Bidder at, the address set out on the Acceptance Form.

(c) Service on you

The Bidder may give a notice to you under the Takeover Bid by leaving it at or sending it by prepaid ordinary post or by airmail (if your address is outside Australia), to your address given to the Bidder by CCQ under section 641 of the Corporations Act.

## Appendix 2 – Conditions of the Offer

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The Offer and any contracts resulting from acceptance of the Offer are subject to the fulfillment of the following conditions:

**(Minimum Acceptance)** At the end of the Offer Period, the Bidder and its Associates together have a Relevant Interest in at least 50.1% of the CCQ ordinary shares on issue.

**(Market Fall)** Between the Announcement Date and the end of the Offer Period:

- (a) S&P ASX 200 Index does not fall to a level that is 10% or more below the level of that Index as at the close of trading on ASX on the business day immediately before the Announcement Date; and
- (b) S&P ASX 300 Diversified Financials Index does not fall to a level that is 10% or more below the level of that Index as at the close of trading on ASX on the business day immediately before the Announcement Date.

**(Change of Law)** Between the Announcement Date and the end of the Offer Period no change of any taxation law or any law affecting regulation of financial markets takes effect or is announced by any Government Agency.

**(Board Composition)** Between the Announcement Date and the end of the Offer Period:

- (a) no new director is appointed to the Board of CCQ; or
- (b) no person (including CCQ) convenes a general meeting of CCQ to consider resolutions to appoint or remove a person from the Board of CCQ.

**(Dividend)** Except as announced by CCQ to ASX prior to the Announcement Date, neither CCQ nor any subsidiary of CCQ recommends, pays, declares or determines, or resolves to so recommend, pay, declare or determine any dividend or distribution other than the Final Dividend.

**(Prescribed Occurrences)** Between the Announcement Date and the end of the Offer Period no Prescribed Occurrence occurs.

**(Material Adverse Changes and Other Transactions)** Except as disclosed in any public announcement by CCQ delivered to ASX prior to the Announcement Date, CCQ does not between the Announcement Date and the end of the Offer Period:

- (a) issue or agree to issue, or authorise or propose the issue of, any equity, debt or hybrid security (including any security convertible into shares of any class) or rights, warrants, performance rights or options to subscribe for or acquire any such securities;
- (b) issue or agree to issue any debentures, or except in the ordinary course of business incur or increase any indebtedness for a material amount in aggregate;
- (c) implement or enter into any scheme or arrangement or compromise or a deed of company arrangement, or any analogous procedure, scheme or arrangement in any jurisdiction;
- (d) terminate or, other than in the ordinary course of business materially change the terms of the CCQ Investment Management Agreement or do any act or thing which has or may reasonably be expected to result in a breach of the CCQ Investment Management Agreement;

- (e) enter into any transaction or instruct CAML to do any thing which has the effect of reducing the net tangible asset (NTA) value per CCQ share by 10% or more below the NTA as at 31 August 2011;
- (f) publicly disclose the existence of any matter described in paragraphs (a) to (e) above; or
- (g) enter into any contract, commitment, arrangement or agreement, passed any resolution or made any offer (which remains open for acceptance) with respect to, or publicly announce an intention to, or proposal to, do anything described in paragraphs (a) to (f) above.

**(No Action by a Government Agency)** Between the Announcement Date and the end of the Offer Period:

- (a) there is not in effect any preliminary or final decision, order or decree issued by a Government Agency; and
- (b) no application is made by any person, and no action or investigation is announced, threatened or commenced by a Government Agency,

in consequence of, or in connection with, the Offer (other than a determination by ASIC or the Takeovers Panel in exercise of the powers and discretions conferred by the Corporations Act) which:

- (c) restrains or prohibits (or if granted could restrain or prohibit), or otherwise materially adversely impacts on, the making of the Offer or the completion any transaction contemplated by the Offer (whether subject to conditions or not) or the rights of Bidder in respect of CCQ and the CCQ shares to be acquired under the Offer; or
- (d) requires divestiture by Bidder of any CCQ shares, or the divestiture of any assets of the CCQ.

# Corporate Directory

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## Contango Microcap Limited

### **Registered office**

Level 24, 360 Collins Street, Melbourne, VIC, Australia, 3000

### **Directors**

Mr David Stevens

Mr Glenn Fowles

Mr Ian Ferres

Mr Mark Kerr

### **Company secretary**

Mr Glenn Fowles

### **Shareholder Enquiries**

Public Relations Exchange

Telephone: +61 3 9607 4500 (from 9.00am-5.00pm (Melbourne time))

Email: [investor@prx.com.au](mailto:investor@prx.com.au)

### **Share Registry**

Computershare Investor Services Pty Limited

GPO Box 52Melbourne, VIC, Australia, 3001

Share registry telephone: 1300 787 272

### **Legal Adviser**

Minter Ellison Lawyers

525 Collins St

Melbourne, VIC, Australia, 3000

**Personalised Acceptance Form**