



11 February 2011

Dear Shareholder

**CONTANGO CAPITAL PARTNERS LIMITED (“CCQ”)
RESULTS SUMMARY FOR THE HALF YEAR ENDED 31 DECEMBER 2010**

- Earnings per share of 8.4 cents, up 40% from 6.0 cents per share in the corresponding period.
- During the corresponding period last year CCQ made a \$0.30 per share capital return to shareholders totalling \$29.7 million. This reduction in capital reduced the earnings capacity of the company. Subsequently, profit for the six months ended 31 December 2010 was \$1.66m, down from \$4.13m for the corresponding period in 2009.
- Expenses have declined by 38% over the period to \$307,000.
- During the period the Company announced a new dividend policy to clarify the amounts that shareholders can expect to receive for future periods. The basis of this policy is to pay a yield of 5% of the Net Tangible Assets (NTA) prevailing at the start of the financial year. This resulted in a final dividend for FY2010 of 4 cents per share paid in September 2010.
- The Directors have confirmed the valuation of the 49.9% stake in Contango Asset Management Limited at \$7.1 million.
- NTA plus dividend paid shows an increase of 7.2% over the six months, the stock price including dividend rose by 24% over this period. The discount to NTA reduced modestly.
- Proposed dividends for FY2011 remain:
 - > Interim of 2.5 cents per share (payable Mar/Apr 2011)
 - > Final of 3.5 cents per share (payable Sep/Oct 2011).

Net Tangible Asset Backing

CCQ’s NTA per share at 31 December 2010 was \$1.140, a decline of -1.6% over the 12 months compared to a decline of -7.5% for the S&P ASX300 Diversified Financials Accumulation Index over the same period.

Portfolio Structure

Details of CCQ’s investments as at 31 December 2010 are set out below:

Listed investments	64.5%
Unlisted Investments	31.4%
Cash	4.1%
Total	100%

Listed Investments

The top five listed holdings as a percentage of the total portfolio value of CCQ as at 31 December 2010 are set out below:

National Australia Bank	16.2%
Macquarie Bank	13.8%
TFS Corporation	9.4%
Snowball Group	6.6%
Prime Financial Group	4.1%

Unlisted Investments - Contango Asset Management Ltd

CCQ owns a 49.9% stake in the manager of its investment portfolio – Contango Asset Management Limited (“CAML”). The value of this stake in CAML, which is included in the NTA calculation as at 31 December 2010, is \$7.1m. This is the same as the equity accounted value that has been used in the preparation of the financial statements for the half-year ended 31 December 2010. The Directors have assessed that no impairment charge against this \$7.1m value is warranted at this point.

CAML’s profit after tax for the 6 months ended 31 December 2010 was \$822,000 and the forecast profit after tax for the full year is now expected to be around \$1.4m. Based on CAML’s funds under management at 31 December 2010, which was \$890m, profit after tax for FY2011/12 is expected to be \$1.5m. These results do not take account of any change in FUM that may occur after 31 December 2010 or any net performance fee that CAML may be entitled to at 30 June each year.

CAML’s investment style is designed to deliver superior performance through the business cycle. Returns over the past five years to 31 December 2010 for CAML’s flagship products are set out below:

Product	Index	Contango Performance (pa)	Index Return (pa)	Outperformance (pa)
Australian Equities	S&P ASX 300	4.6%	4.4%	0.2%
Small Companies	S&P ASX Small Ords	12.3%	5.5%	6.8%
Microcap Companies	S&P ASX Small Ords	20.2%	4.9%	15.3%

We continue to explore opportunities to acquire investments that will enhance the growth potential of the Company.

Yours sincerely



David I Stevens
Director of Contango Capital Partners Limited and
Managing Director of Contango Asset Management Limited – Investment Manager