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ASX Market Release - Takeover Offer for Contango Capital Partners Limited

Contango Microcap Limited (**ASX: CTN**) today announces that it intends to make an off-market takeover offer (**Offer**) to acquire all of the ordinary shares in Contango Capital Partners Limited (**ASX: CCQ**) that it does not already hold at a cash price of \$0.90 per ordinary share (**Offer Price**).

CCQ shareholders who accept this offer and who are entitled to receive the Final Dividend will also be able to receive the Final Dividend without any reduction in the Offer Price, provided that the Final Dividend does not exceed \$0.03 per ordinary share.

The Offer will be subject to various conditions, including a minimum acceptance condition of 50.1%. These conditions are set out in the Attachment.

Why CCQ Shareholders should accept the Offer

The Offer provides CCQ shareholders with an opportunity to realise their investment in CCQ for cash:

- at a price that represents a significant premium to the market price; and
- at a greatly reduced discount of 10% to the net tangible asset backing of CCQ shares.

The Offer represents a 28.6% premium 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 this Announcement.

Further, in the one month period to 19 September 2011, CCQ shares have traded on ASX at a discount of between 30% and 33% to their net tangible asset backing. The Offer Price represents a 20% reduction in that discount.

Why CTN is making the Offer to all CCQ Shareholders

The CTN Independent Directors, Mr Mark Kerr and Mr Ian Ferres, believe that the Offer provides CTN with the opportunity to build the size of CTN's operations while at the same time achieving economies of scale and efficiencies of operation for CTN shareholders. CTN has been a long-term substantial shareholder in CCQ and currently has a relevant interest in 8.3% of CCQ shares.

In addition, CCQ indirectly holds a 49.9% interest in Contango Asset Management Limited (**CAML**), which is the investment manager of the investment portfolios of both CCQ and CTN. CAML has a strong focus on high-alpha investment products. It is cashflow positive and has generated a maintainable earnings and dividend stream over recent years. For CTN, the acquisition (via CCQ) of that interest in CAML represents an opportunity to acquire a significant indirect interest in the manager of its investment funds, and to derive benefit from the management fees paid it, without the need for it to employ and incur the substantial costs associated with a full time management team and the other necessary infrastructure.

Next steps

CTN will prepare a Bidder's Statement which is expected to be lodged with ASIC on or around Wednesday, 28 September, 2011 and despatched to CCQ shareholders as soon as practicable after that date. The Offer is expected to be open for one month, but may be extended by the Bidder in accordance with the *Corporations Act 2001* (Cth).

CTN will update the market and its shareholders of any material developments that occur in relation to the Offer.

CTN reserves the right to acquire CCQ shares on market at prices up to and including the Offer Price of \$0.90 per share.

CTN shareholders seeking further information should contact:

Stephen Kerr
Chief Executive
Public Relations Exchange
Phone: 03 9607 4500
Mobile: 0411 055 322
Fax: 03 9642 8667
Email: skerr@prx.com.au

By order of the Independent Director Committee,

Mark Kerr
INDEPENDENT DIRECTOR

Ian Ferres
INDEPENDENT DIRECTOR

DATE: 20 September 2011

Attachment

Offer Conditions

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

(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 do 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 has not between the Announcement Date and the end of the Offer Period:

- (a) issued or agreed to issue, or authorised or proposed 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) issued or agreed to issue any debentures, or except in the ordinary course of business incurred or increased any indebtedness for a material amount in aggregate;
- (c) implemented or entered into any scheme or arrangement or compromise or a deed of company arrangement, or any analogous procedure, scheme or arrangement in any jurisdiction;
- (d) terminated or, other than in the ordinary course of materially changed the terms of the Management Agreement or does any act or thing which has or may reasonably be expected to result in a breach of the Management Agreement;
- (e) entered into any transaction or instructed the Manager 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 disclosed the existence of any matter described in paragraphs (a) to (e) above; or
- (g) entered into any contract, commitment, arrangement or agreement, passed any resolution or made any offer (which remains open for acceptance) with respect to, or publicly announced an intention to, or proposal to, do anything described in paragraphs (a) to (f) above.

(No Action by a Government Authority) 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 Authority; and
- (b) no application is made by any person, and no action or investigation is announced, threatened or commenced by a Government Authority,

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.

Definitions

Announcement Date means 20 September 2011.

ASIC means the Australian Securities and Investments Commission.

Associate has the same meaning as given to that term for the purposes of Chapter 6 of the Corporations Act (as modified by ASIC from time to time).

ASX means ASX Limited ACN 008 624 691 or the securities market operated by it, as the context requires.

Bidder means Contango Microcap Limited ACN 107 617 381.

CAML means Contango Asset Management Limited ACN 085 487 421.

Corporations Act means the Corporations Act 2011 (Cth).

Final Dividend means a dividend in respect of CCQ shares announced by CCQ to ASX on 13 July 2011 in its Preliminary Final Report.

Government Authority means any governmental, semi-governmental, administrative, fiscal, judicial or quasi-judicial body, department, commission, authority, tribunal agency or entity and includes ASIC and ASX.

Management Agreement means the investment management agreement between CCQ and CAML dated on or around 3 April 2007.

Offer means the offer to be made by Bidder to acquire all the ordinary share in CCQ.

Offer Period means the period during which the Offer will remain open for acceptance.

Prescribed Occurrence means any of the following events:

- (a) CCQ converts all or any of its shares into a larger or smaller number of shares;
- (b) CCQ or a Subsidiary of CCQ resolves to reduce its capital in any way;
- (c) CCQ or a Subsidiary of CCQ:
 - (i) enters into a buy-back agreement; or
 - (ii) resolves to approve the terms of a buy-back agreement under subsection 257C(1) or 257D(1) of the Corporations Act;
- (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;
- (e) CCQ or a Subsidiary of CCQ issues, or agrees to issue, convertible notes;
- (f) CCQ or a Subsidiary of CCQ disposes, or agrees to dispose, of the whole, or a substantial part, of its business or property;
- (g) CCQ or a Subsidiary of CCQ charges, or agrees to charge the whole, or a substantial part, of its business or property;
- (h) CCQ or a Subsidiary of CCQ resolves to be wound up;
- (i) a liquidator or provisional liquidator of CCQ or of a Subsidiary of CCQ is appointed;
- (j) a court makes an order for the winding up of CCQ or of a Subsidiary of CCQ;

- (k) an administrator of CCQ or of a Subsidiary of CCQ is appointed under section 436A, 436B or 436C of the Corporations Act;
- (l) CCQ or a Subsidiary of CCQ executes a deed of company arrangement; or
- (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.

Relevant Interest has the meaning given in sections 608 and 609 of the Corporations Act.

Subsidiary has the meaning given to that term in section 9 of the Corporations Act.