

ASX/PRESS RELEASE – CTN

24 June 2016

Sale of Funds Management Subsidiary - Contango Asset Management Limited

Contango MicroCap Limited [ASX: CTN] (“the Company”) is pleased to advise its shareholders and the market that it has today successfully realised its equity holding in its investment manager and fund management subsidiary, Contango Asset Management Limited (“CAML”). The purchaser will be CAM SPV Pty Ltd (“SPV”), a newly formed entity associated with members of CTN’s investment management team including George Boubouras – CAML’s Chief Investment Officer.

The sale of Contango Asset Management to SPV is effective on 30 June 2016.

The purchase price of \$13 million is payable in two tranches. The Company will receive a \$2.6 million initial payment on 30 June 2016 at which time ownership of CAML will be wholly transferred to SPV. Under the unconditional deal with SPV the Company will receive a final payment of \$10.4 million on or before 31 October 2016. This sale represents a profit of approximately \$2 million to the Company.

The Company will take a first-ranking charge over the business and assets of CAML and SPV until final payment is received.

The Company has been advised that the purchasing entity, SPV, has entered an Underwriting deal with stockbroker Taylor Collison Limited and proposes to assign its interest in CAML to an ASX-listed company (Tyrian Diagnostics Limited ASX:TDX) with several high-profile cornerstone investors (see ASX Release “**Tyrian Diagnostics To Support Management Buyout Of Contango Asset Management – Cornerstone Investment By Entity Controlled By James Packer And Robert Rankin**” dated 24 June 2016 for further details).

Company shareholders should note that the final payment is not conditional on completion of the TDX Offer.

At the completion of the transaction, the CAML business will then have adequate capital and management resources to both service its existing customers (including Contango Microcap Limited) and to expand the CAML product offerings.

CTN Chairman, Mark Kerr noted that CAML has been the Company’s investment manager since inception in 2004. Over those 12 years, CTN has delivered a cumulative 15.7 % pa return.

“CTN acquired 100% of CAML in November 2013 to reduce fees and improve corporate governance. That has been achieved and the CAML investment has proven to be a successful one. Following a review of the investment, the Company came to the view that the key management team ideally should have direct equity participation in the business. CTN believes that CAML is now well-positioned to grow both its product offerings and highly customised services.

“To deliver on this growth opportunity requires strategic management and focussed growth capital beyond the resources that CTN as a successful specialist LIC can provide. As an ongoing Contango Asset Management client, the proposed involvement of Mr Packer and Mr Rankin in supporting the management buyout is welcomed by CTN.

The CTN Board is now satisfied with the resources, capabilities and direction of its investment manager and is fully supportive of the proposed listing strategy.

Under the sale agreement, the Company will retain CAML as its investment manager, under a new Investment Management Agreement (“IMA”). On completion of the sale of Contango Asset Management, the Company will release to the market a summary of all the material terms of the IMA. Briefly, the IMA has an initial 5 year term with a management fee rate of 1.25% on the first \$200m and 1% thereafter, and no performance fee - in line with the current terms with CAML.”

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Under its investment management, CAML has provided an annual rate of return of 15.7%pa since the Company's inception in 2004. Over the same period the All Ordinaries Accumulation Index has returned 8.5%pa - an outperformance of over 7.2%pa.

Over this period, the Company has paid in excess of \$106m in dividend payments to its shareholders and importantly under its dividend payout policy of paying 6% per annum on NTA currently has sufficient reserves for the next 2 years of dividends.

For the 11 months ended 31 May 2016, the Company's growth in Net Assets reflected a profit after tax of approximately \$16m. This result along with the transaction outlined above places the Company in a very strong position for the future.

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