

27 November 2012



Dear Shareholder

AGM and new IPO by CAML

On Thursday 22nd November the Company held its 9th Annual General Meeting of Shareholders.

The meeting saw the re-election of Mr Ian Ferres as a Director of the Company (96% in favour) and the approval of the Company's Remuneration Report (79% in favour) and confirmation of the Company's policy to pay dividends at that rate of 6% of the Net Tangible Asset value per share prevailing at 1 July 2012.

During the discussion session of the meeting a number of shareholders raised questions about the new IPO being promoted by CTN's investment manager - Contango Asset Management Limited (CAML). In the interests of keeping shareholders informed the items discussed are now being advised to all shareholders.

CAML is an Australian equities fund management company and manages approximately \$650m of funds in total. It has a number of clients, one of which is CTN, and manages investment portfolios across all sectors of the market including microcaps, small caps, large caps, and specialist sector funds such as its resources portfolio. CAML has been in operation since 1999 and has an investment team of 9 people. Each of CAML's product lines has pre-set capacity limits – for example CAML's microcap limit is set at \$500m – it currently manages \$300m in this sector across its client base. CTN has an indirect stake in CAML of 37.4% through its ownership of Contango Capital Partners Limited.

The IPO is for a company called Contango MidCap Income Limited (CIE). CAML is promoting this company attempting to raise between \$30m and \$200m of capital.

CIE will invest in the midcap sector of the market focussing on income yielding securities of companies within the ASX300 index (excluding the 30 largest stocks).

It will have very little overlap with the CTN portfolio as the portfolios have completely different investment objectives. Also, at CAML, the portfolio manager of CIE's portfolio will not be the same person responsible for CTN's portfolio.

CTN will directly benefit from CIE's presence through cost synergies of CAML managing more than one listed investment company and indirectly when CIE eventually pays fee income to CAML (not expected for the first two years of CIE's operations), through CTN's indirect ownership of 37.4% of CAML.

No priority issue of shares is being made by CIE.

If you wish to consider investing in CIE you should obtain a copy of the prospectus from the company website (www.contangomidcap.com.au) or request one from the contact details below.

Yours sincerely

A handwritten signature in purple ink that reads "Mark Kew".

CHAIRMAN
Contango MicroCap Limited