25 May 2017

ASX Release

UPDATE IN RESPECT OF INVESTMENT MANAGEMENT ARRANGEMENTS

Melbourne, Contango MicroCap Limited (the **Company** or **CTN**) (ASX: CTN).

Further to the announcements made by the Company on 4 April 2017 and 2 May 2017, the Company has completed its review of the dual investment manager structure and has been in constructive engagement with both of the appointed managers to ensure the best interests of CTN's shareholders are met.

The Board firmly believes that CTN's current dual manager structure is not in the best interests of CTN shareholders. In practice, the dual manager structure has resulted in managing two portfolios which has resulted in a material overlapping of positions between the managers, increased concentration risk and confusion for brokers and market participants. In addition, CTN's current dual manager structure has increased the cost and complexity of reporting and overseeing CTN's investments.

The Company is pleased to announce that, with the assistance of both of its investment managers, Contango Funds Management Limited, a subsidiary of Contango Asset Management (**CGA**), and OC Funds Management Pty Ltd (**OCFM**), it has reached a resolution to this matter, delivering a result that the Board of CTN believes is in the best interests of CTN's shareholders.

With immediate effect, CTN will revert to a single manager structure and OCFM will cease providing investment management services to the Company. OCFM and CGA will work together to ensure an orderly and smooth transition of the OCFM portfolio to CGA within 60 business days. The Board has negotiated an outcome that delivers an efficient fee structure whilst allowing for a more coherent and transparent market positioning.

Chairman, Mark Kerr, commended both managers for their cooperative and constructive approach to the review process. He said "The Board would like to thank OCFM and CGA for putting the interests of CTN shareholders first in negotiating this outcome. The CTN Board's view was that the dual manager arrangement was inefficient, and we are delighted that all parties were able to work together to resolve the matter in the interests of our shareholders."

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