Contango MicroCap Limited

Unsecured Convertible Notes Prospectus

Offer of redeemable unsecured convertible notes
each with a face value of $100
to raise up to $30 million
(subject to a minimum amount of
$15 million being raised)
Fixed interest rate return of 5.5% per annum
Convertible into shares
Redeemable for cash on 31 March 2020

EVANS & PARTNERS

BBY

THIS PROSPECTUS IS AN IMPORTANT DOCUMENT AND SHOULD BE READ IN ITS ENTIRETY

If you do not understand its contents, you should consult your professional adviser without delay.

Joint Lead Managers Evans & Partners Pty Ltd and BBY Limited
Contango MicroCap Limited ABN 47 107 617 381

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Important notice

Prospectus

This Prospectus is issued by Contango MicroCap Limited ABN 47 107 617 381 (**Company**) and is an invitation to apply for redeemable, unsecured, convertible notes (**Convertible Notes**) each with a face value of $100 (**Offer**).

This Prospectus contains an offer by the Company to issue up to 300,000 Convertible Notes at an Issue Price of:

- $98.90, which is applicable to Wholesale Applicants and to those Retail Applicants under the Broker Firm Offer who provide consent to the payment of the Service Fee, to which is added the Service Fee of $1.10 per Convertible Note (inclusive of GST); or
- $100, which is applicable only to Retail Applicants who do not provide consent to the payment of the Service Fee,

to raise up to $30 million, with a Minimum Subscription of $15 million.

For the purpose of section 283BH of the Corporations Act 2001 (Cth) (**Corporations Act**), the Convertible Notes are unsecured convertible notes of the Company. You should note that the Company is not authorised under the Banking Act 1959 (Cth) (**Banking Act**) and is not supervised by the Australian Prudential Regulation Authority (**APRA**) and therefore the investment of funds in the Convertible Notes will not be covered by the depositor protection provisions in section 13A of the Banking Act.

This Prospectus contains certain information about CAML (**Investment Manager**), the Company's wholly owned subsidiary and holder of AFSL No. 237119, its directors, senior executives and business. It also contains details of its investment approach, strategy and philosophy. To the extent that the Prospectus includes statements by the Investment Manager or includes statements based on any statement of, or information provided by, the Investment Manager, the Investment Manager consents to each such statement being included in the Prospectus in the form and context in which it is included and has not withdrawn that consent at any time prior to the lodgement of the Prospectus with the Australian Securities and Investments Commission (**ASIC**).

The information given in this Prospectus does not constitute investment advice or financial product advice. This Prospectus is of a general nature and has been prepared without taking into account your individual investment objectives, financial situation, tax position or particular investment needs. You should seek your own investment and/or financial advice.

Before deciding to invest in the Convertible Notes, potential investors should read the entire Prospectus. The information contained in individual sections is not intended to and does not provide a comprehensive review of the business or the financial affairs of the Company or the Convertible Notes offered under this Prospectus. The Offer does not take into account the investment objectives, financial situation or particular needs of the investor. You should carefully consider the risks that impact on the Company in the context of your personal requirements (including your financial and taxation position) and seek professional guidance from your relevant professional adviser prior to deciding whether to invest in the Company. Some of the risks that you should consider are set out in Section 4 of this Prospectus.

Date of this Prospectus

This Prospectus is dated 28 November 2014. A copy of this Prospectus has been lodged with ASIC and has been provided to ASX Limited (**ASX**) in connection with an application to be made by the Company for the Convertible Notes to be listed on ASX. Neither ASIC nor ASX nor any of their respective officers or employees takes any responsibility for the content of this Prospectus. The fact that ASX has admitted the Company to the official list of ASX and may decide to grant official quotation in respect of the Convertible Notes issued under this Prospectus is not to be taken in any way as an indication of the merits of the Company, the Offer or the Convertible Notes.

The expiry date of this Prospectus is 27 December 2015. No securities will be issued on the basis of this Prospectus later than the expiry date.

Transaction Specific Prospectus

This Prospectus is a transaction specific prospectus for an Offer of Convertible Notes which are convertible into continuously quoted securities (as defined in the Corporations Act). It has been prepared in accordance with section 713 of the Corporations Act and ASIC Class Order [CO 00/195]. The disclosure in this Prospectus is less than the disclosure required in an initial public offering prospectus or a prospectus prepared in accordance with section 710 of the Corporations Act.

In providing information in this Prospectus, regard has been had to the fact that the Company is a disclosing entity for the purposes of the Corporations Act and certain matters may reasonably be expected to be known to investors and professional advisors with whom potential investors may consult.

Authorised Intermediary

The issuer of the Prospectus is the Company. Offers of Convertible Notes under this Prospectus will be made under an arrangement between the Company and Evans and Partners Pty Ltd (**Authorised Intermediary**), as holder of an

Australian Financial Services Licence, under section 911A(2)(b) of the Corporations Act. The Company has authorised the Authorised Intermediary to make offers to arrange for the issue of the Convertible Notes under the Prospectus and the Company will issue the Convertible Notes in accordance with those offers and no others.

Important information for New Zealand investors

This Offer to New Zealand investors is a recognised offer made under Australian and New Zealand law. In Australia, this is Chapter 8 of the Corporations Act and the *Corporations Regulations 2001* (Cth) (**Regulations**). In New Zealand, this is subpart 6 of Part 9 of the *Financial Markets Conduct Act 2013* and Part 9 of the *Financial Markets Conduct Regulations 2014*.

This Offer and the contents of this Prospectus are principally governed by Australian rather than New Zealand law. In the main, the Corporations Act and Regulations set out how the Offer must be made.

There are differences in how financial products are regulated under Australian law. For example, the disclosure of fees for collective investment schemes is different under the Australian regime.

The rights, remedies and compensation arrangements available to New Zealand investors in Australian financial products may differ from the rights, remedies and compensation arrangements for New Zealand financial products.

Both the Australian and New Zealand financial markets regulators have enforcement responsibilities in relation to this Offer. If you need to make a complaint about this Offer, please contact the Financial Markets Authority, New Zealand (http://www.fma.govt.nz). The Australian and New Zealand regulators will work together to settle your complaint.

The taxation treatment of Australian financial products is not the same as for New Zealand financial products. If you are uncertain about whether this investment is appropriate for you, you should seek the advice of an appropriately qualified financial adviser.

The Offer may involve a currency exchange risk. The currency for the Convertible Notes is not New Zealand dollars. The value of the Convertible Notes will go up or down according to changes in the exchange rate between that currency and New Zealand dollars. These changes may be significant.

If you expect the Convertible Notes to pay any amounts in a currency that is not New Zealand dollars, you may incur significant fees in having the funds credited to a bank account in New Zealand in New Zealand dollars.

If the Convertible Notes are able to be traded on a financial products market and you wish to trade the Convertible Notes through that market, you will have to make arrangements for a participant in that market to sell the Convertible Notes on your behalf. If the Convertible Notes market does not operate in New Zealand, the way in which that market operates, the regulation of participants in that market, and the information available to you about the Convertible Notes and trading may differ from financial product markets that operate in New Zealand.

A copy of this Prospectus and other documents relating to the Offer have been, or will be, lodged with the New Zealand Companies Office under the mutual recognition regime.

While the Offer is being extended to New Zealand investors under the mutual recognition regime, no application for listing and quotation is being made to NZX Limited.

Exposure Period

The Corporations Act prohibits the acceptance of an application for, or an issue of, the Convertible Notes in the seven calendar day period after the date of this Prospectus. This period is the Exposure Period. The Exposure Period may be extended by ASIC by up to a further seven days. The Company will not accept an Application for nor will it issue any Convertible Notes on the basis of this Prospectus during the Exposure Period. Application Forms received prior to the expiration of the Exposure Period will not be processed until after the Exposure Period. No preference will be conferred on Application Forms received during the Exposure Period and all Application Forms received during the Exposure Period will be treated as if they were simultaneously received on the Opening Date.

Minimum subscription / ASX quotation

The minimum subscription under the Offer is $15 million (**Minimum Subscription**). No Convertible Notes will be issued until the Minimum Subscription has been received. If the Minimum Subscription is not received within four months after the date of this Prospectus, the Offer will not proceed and all Application Moneys will be refunded to Applicants as soon as practicable (without interest).

The Company will apply to ASX within seven days after the date of this Prospectus for the Convertible Notes issued under this Prospectus to be quoted on ASX. If ASX does not grant permission for the Convertible Notes issued under this Prospectus to be quoted within three months after the date of this Prospectus, the Convertible Notes will not be issued and all Application Moneys will be refunded (without interest) to Applicants as soon as practicable. If the Minimum Subscription is achieved, and the Convertible Notes issued under this Prospectus are accepted for quotation on ASX, the Company expects to issue the Convertible Notes on or about 22 December 2014.

No representations other than as set out in this Prospectus

No person is authorised to give any information or to make any representation in connection with the offer of Convertible Notes that is not contained in this Prospectus. Any information or representation that is not in this Prospectus may not be relied upon as having been authorised by the Company, or its associates in connection with

the Offer. Except as required by law and then only to the extent so required, neither the Company, the Joint Lead Managers nor any of their respective associates warrants or guarantees the future performance of Convertible Notes or the Company or any return on any investment made pursuant to this Prospectus.

To the extent that this Prospectus contains forward looking statements which may (but need not) be identified by words such as 'may', 'could', 'believe', 'estimate', 'expects', 'intends', 'anticipates', 'project', 'foresee', 'likely', 'should', 'target', 'plan', 'consider', 'aim', 'will' and other similar words that import risks and uncertainties, these forward looking statements are not guarantees of future performance and are subject to various known and unknown assumptions, uncertainties and risk factors that are beyond the control of the Company and could cause the Company's actual results to differ materially from those expressed, implied or anticipated in those statements. These and other risk factors are set out in Section 4. The Company cannot and does not give any assurance that results, performance or achievements expressed or implied by forward looking statements contained in this Prospectus will actually occur and investors are cautioned not to place undue reliance on such forward looking statements.

In addition, the information in this Prospectus on the past performance of the Company or the Investment Manager should not be relied upon as an indication of the likely future performance of the Company or the Investment Manager.

Disclaimers

In making representations in this Prospectus, regard has been had to the fact that the Company is a disclosing entity for the purposes of the Corporations Act and certain matters may reasonably be expected to be known to investors and professional advisers with whom potential investors may consult.

Except as required by law, neither the Company nor any other person warrants the future performance of the Company nor any return on any investment made under this Prospectus. Any investment in the securities offered by this Prospectus should be considered speculative.

Company's website

Any references to documents included on the Company's website are provided for convenience only and none of the documents or other information on the website is incorporated by reference as content of this Prospectus.

No cooling-off rights apply to the issue of the Convertible Notes

Cooling-off rights (whether by law or otherwise) do not apply to an investment in Convertible Notes. This means that, in most circumstances, you cannot withdraw your Application pursuant to this Offer of Convertible Notes once it has been made.

Offering restrictions

This Prospectus has been prepared to comply with the requirements of Australian law. No action has been taken to register the Convertible Notes or otherwise permit a public offering of Convertible Notes in any jurisdiction outside of Australia and New Zealand.

The Offer of Convertible Note to New Zealand residents, and any subsequent allotment of Shares upon exercise of those Convertible Notes, will be made in reliance on the *Securities Act (Overseas Companies) Exemption Notice 2002* (NZ). Therefore, the Company is not required to register a New Zealand prospectus or prepare and distribute a New Zealand investment statement to New Zealand resident security holders in respect of the Offer.

The distribution of this Prospectus (including an electronic copy) in jurisdictions outside of Australia may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

The Corporations Act prohibits any person from passing an Application Form to another person unless it accompanies or is included in a paper copy of this Prospectus or the complete and unaltered electronic version of this Prospectus.

This Prospectus does not constitute an offer or invitation in any place in which, or to any person to whom, it would not be lawful to make such an offer or invitation. In particular, the Convertible Notes have not been and will not be registered under the United States Securities Act of 1933, as amended (**US Securities Act**) or the securities laws of any state of the United States of America (**United States**) and may not be offered or re-sold in the United States or to or for the account or benefit of US Persons except in transactions exempt from the registration requirements of the US Securities Act.

How to obtain a Prospectus and Application Form

This Prospectus is available in a paper version and in electronic form.

Printed Prospectus

Printed copies of this Prospectus and Application Forms are available free of charge during the Offer Period by calling the Company on +61 3 9222 2333, between 8.30am and 5.30pm (Melbourne time), Monday to Friday.

Electronic Prospectus

A copy of this Prospectus will be available electronically during the Exposure Period (excluding the Application Form) and during the Offer Period (including the Application Form) online on the Company's website: http://www.contango.com.au. The Offer constituted by this Prospectus in electronic form is available only to persons receiving this Prospectus in electronic form within Australia or New Zealand. Persons who access the electronic form of this Prospectus must ensure that they download and read the entire Prospectus. Any person may obtain a hard copy of this Prospectus free of charge by contacting the Company on +61 3 9222 2333.

The following conditions apply if this Prospectus is accessed electronically:

- you must download and read the Prospectus in its entirety; and
- your Application will only be considered where you have applied online or on a paper copy of an Application Form that accompanied the electronic Prospectus.

By making an Application (either by way of a paper copy of the Application Form or online), you declare that you were given access to the electronic Prospectus together with the Application Form and you are accessing and printing the electronic version of the Prospectus in Australia.

Submitting an Application for Convertible Notes

The Offer comprises a Broker Firm Offer only.

If you are applying for Convertible Notes under the Offer, you will need to complete and lodge your Application Form with the Participating Broker from whom you received your firm allocation. Application Forms must be completed in accordance with the instructions given to you by your Participating Broker and the instructions set out on the reverse of the Application Form.

Applicants under the Offer must lodge their Application Form and Application Moneys with their Participating Broker in accordance with the relevant Participating Broker's directions in order to receive their firm allocation. Applicants under the Offer must not send their Application Forms to the Share Registry.

Please contact your Participating Broker if you have any questions.

Refunds

If you are issued less than the number of the Convertible Notes for which you applied you will receive a refund cheque as soon as practicable after the Allotment Date. No interest will be payable on Application Moneys.

Trading in the Convertible Notes

It is your responsibility to determine your Allocation before trading the Convertible Notes to avoid the risk of selling Convertible Notes you do not own.

Applicants under the Offer will need to contact their Participating Broker to confirm their allocation of Convertible Notes.

Holding statements confirming Applicants' allocations under the Offer are expected to be sent to successful Applicants on or around 23 December 2014.

Trustee

In relation to the Trustee, Equity Trustees Limited:

(a) it has not authorised or caused the issue, submission, dispatch or provision of this Prospectus and does not make any statement or purport to make any statement in this Prospectus or any statement on which a statement in this Prospectus is based;

(b) none of its directors, employees, officers, affiliates, agents, advisors, intermediaries or Related Bodies Corporate (each a 'related person') assumes any responsibility for the accuracy or completeness of any information in this Prospectus;

(c) to the maximum extent permitted by law, it expressly disclaims all liability in respect of, makes no representation or any statement regarding, and takes no responsibility for, any part of this Prospectus, or any statements in, or omissions from this Prospectus, other than the references to its name and the statement(s) and/or report(s) (if any) specified below and included in this Prospectus with its written consent;

(d) it has given, and has not, before the lodgement of this Prospectus with ASIC withdrawn, its written consent to be named in this Prospectus in the form and context in which it is named;

(e) none of its related persons makes any representation as to the truth and accuracy of the contents of this Prospectus;

(f) it has relied on the Company for the accuracy of the contents of this Prospectus; and

(g) none of its related persons makes any representation or warranty as to the performance of the Convertible Notes or the payment of interest or redemption of the Convertible Notes.

Enquiries

If you have any questions in relation to the Offer or the Convertible Notes please call the Company on +61 3 9222 2333 between 8.30am and 5.30pm (Melbourne time), Monday to Friday, or contact your professional adviser.

Defined words and expressions

Some capitalised words and expressions used in this Prospectus have defined meanings. The Glossary in Section 9 defines these words and expressions.

The definitions specific to the Convertible Notes are in clause 14.2 of the Convertible Note Terms in Section 7. If there is any inconsistency in definitions between the Prospectus and the Convertible Note Terms, the definitions in the Convertible Note Terms prevail.

A reference to time in this Prospectus is to Melbourne time unless otherwise stated. A reference to $, A$, dollars and cents is to Australian currency unless otherwise stated. Some numbers in this Prospectus have been rounded.

Taxation Summary

Section 5 of this Prospectus contains a summary of the tax consequences for potential Holders and is based on Australian tax law and administrative practice as at the date of this Prospectus. This summary is necessarily general in nature and is not intended to be definitive tax advice to Holders. Accordingly, each prospective Holder should seek their own tax advice, which is specific to their particular circumstances, as to the tax consequences of investing in, holding and disposing of the Convertible Notes.

Privacy Disclosure

Refer to the information in the privacy statement in Section 6.9.

ASIC Guidance for Retail Investors

ASIC has published the following guidance which may be relevant to your consideration of the Convertible Notes to be issued by the Company under this Offer:

- a guide for retail investors who are considering investing in bonds called *'Investing in corporate bonds?'*; and
- information for retail investors who are considering investing in hybrid securities called *'Hybrid securities and notes'* (under the heading 'Complex investments' at www.moneysmart.gov.au/investing),

which information is collectively referred to below as the "ASIC Guidance". Free copies of the ASIC Guidance can be obtained from ASIC's website at https://www.moneysmart.gov.au/tools-and-resources/publications & www.moneysmart.gov.au/investing or by calling ASIC on 1300 300 630 (from within Australia) or +61 3 5177 3988 (if calling from outside Australia).

ASX guides for Retail Investors

ASX has published a guide that may be useful to prospective investors considering whether to invest in the Convertible Notes. The guide is entitled *'Understanding ASX Interest Rate Securities'*, and is available together with other useful information, from http://www.asx.com.au/products/hybrid-securities.htm.

Where can I obtain further information about the Company and the Convertible Notes?

The Company is a disclosing entity for the purposes of the Corporations Act and as a result is subject to regular reporting and disclosure obligations under the Corporations Act and ASX Listing Rules. In addition, the Company must notify ASX immediately (subject to certain exceptions) if it becomes aware of information about it that a reasonable person would expect to have a material effect on the price or value of its securities (i.e. its Shares and, if the Offer is successfully concluded, the Convertible Notes). Copies of documents lodged with ASIC and ASX can be obtained from, or inspected at, an ASIC office and can also be obtained from www.asx.com.au.

In addition, the following information can be obtained from www.contango.com.au:

- the Company's half-yearly and annual financial reports;
- all continuous disclosure notices lodged by the Company with ASX; and
- all other general information provided by the Company to its Shareholders and investors.

Email notification of certain new information

If you wish to receive an email when the Company announces or publishes new information about itself, you can register your details with the Share Registry after the Convertible Notes are issued.

Investments in the Convertible Notes are an investment in the Company and may be affected by the ongoing performance, financial position and solvency of the Company. The Convertible Notes are an unsecured investment and rank for repayment behind any secured debt and those unsecured obligations mandatorily preferred by law.

Chairman's letter

28 November 2014

Dear Investor,

Offer of redeemable unsecured convertible notes (Convertible Notes)

On behalf of Contango MicroCap Limited (**Company**), I am pleased to offer you the opportunity to participate in an offer by the Company of redeemable, unsecured, convertible notes (**Convertible Notes**) with a term that is slightly longer than 5 years and a fixed interest rate of 5.5% per annum.

It is the intention of the Company that the Convertible Notes will be quoted on ASX.

The aim of the Convertible Notes is to provide investors with an attractive fixed interest yield and the option to convert the Convertible Notes into ordinary shares in the Company (**Shares**) prior to the maturity date (which is 31 March 2020).

The key terms of the Convertible Notes are:

- each Convertible Note will have a **Face Value** of $100;
- each Convertible Note will have an **Issue Price** of:
  - $98.90, which is applicable to Wholesale Applicants and to those Retail Applicants under the Broker Firm Offer who provide consent to the payment of the Service Fee, to which is added the Service Fee of $1.10 per Convertible Note (inclusive of GST); or
  - $100, which is applicable only to Retail Applicants who do not provide consent to the payment of the Service Fee;
- **interest** will be payable half yearly in arrears (on 31 March and 30 September) at a fixed rate of 5.5% per annum;
- the **maturity date** is 31 March 2020 (if not already re-purchased, redeemed or converted);
- the Convertible Notes will be **convertible** into Shares (on each Interest Payment Date) at a conversion price, which initially will be $1.30;
- the Convertible Notes are **unsecured** and rank equally with other unsecured creditors of the Company for payment after secured creditors and other creditors with priority at law; and
- the Convertible Notes will be **quoted** on ASX.

The Convertible Notes are an important part of the Company's strategy to raise capital to fund planned growth. In this case, the Company intends to use all (or a substantial majority) of the funds raised from the issue of the Convertible Notes to establish and invest in a new listed investment company (**LIC**), named Contango Income Generator Limited (**CIG**), which will focus on the generation of income and capital growth from investment in the securities of entities predominantly in the S&P/ASX 300 Index (excluding the 30 largest entities (by market capitalisation) within that Index). At the date of this Prospectus, the Company is the sole shareholder in CIG.

Importantly, as the Company has an investment and trading portfolio comprised of listed securities (with a market value at 30 September 2014 of approximately $176 million), the Company expects to be readily able to meet all financial commitments under the Convertible Notes (i.e. to pay interest and to redeem the Convertible Notes as and when required under the Convertible Note Terms).

The Company intends to raise up to $30 million by issuing Convertible Notes. The Minimum Subscription under the Offer is $15 million.

The Offer is scheduled to close on 19 December 2014.

Full details of this investment opportunity, including the terms of issue of the Convertible Notes and the risks associated with an investment in the Convertible Notes, are set out in this Prospectus. I encourage you to read the entire Prospectus carefully and consider all the risks before deciding whether to participate in the Offer. Anyone wishing to acquire Convertible Notes must complete and lodge their Application Form with their Participating Broker in accordance with the Participating Broker's directions in order to receive their firm allocation.

If you are uncertain whether the Convertible Notes are a suitable investment for you, please consult your professional adviser for appropriate advice.

If you have any questions about the Offer please call the Company on +61 3 9222 2333 between 8.30am and 5.30pm (Melbourne time), Monday to Friday.

On behalf of the board of the Company, I invite you to consider what we believe is an attractive investment opportunity and be a part of our future.

Yours sincerely



Mark Kerr
Chairman
Contango MicroCap Limited

Key dates

Indicative timetable of key dates

Event	Date
Lodgement of Prospectus with ASIC	28 November 2014
Opening Date for the Offer	8 December 2014
Closing Date for the Offer	5.00pm (Melbourne time) on 19 December 2014
Broker Firm Offer settlement date	19 December 2014
Issue Date of Convertible Notes	22 December 2014
Holding Statements despatched	23 December 2014
Convertible Notes commence trading on ASX (normal settlement basis)	24 December 2014
First Interest Payment Date[1]	31 March 2015
Maturity Date	31 March 2020

[1] Interest is scheduled to be paid in arrears at the end of each half yearly Interest Period (being 31 March and 30 September of each year during the term of the Convertible Notes). The final Interest Period will end on the earlier of the Redemption Date, the Maturity Date and the Conversion Date. If any of the scheduled Interest Payment Dates is not a Business Day, then the due date for payment of Interest will be postponed to the next Business Day. If that occurs, the Holder is not entitled to any additional payment in respect of that delay.

This Prospectus is dated 28 November 2014. Within 7 days of the date of this Prospectus, the Company will apply for the Convertible Notes offered by this Prospectus to be granted official quotation by ASX. No Convertible Notes will be issued or sold on the basis of this Prospectus later than 13 months after the date of this Prospectus, being 27 December 2015.

Dates may change

The key dates for the Offer are indicative only and may change without notice.

The Company, in consultation with the Joint Lead Managers, may agree (without notice to any investor or other person) to accept late Applications (either generally or in particular cases), to extend the Closing Date, to close the Offer early or to withdraw the Offer at any time before the Convertible Notes are issued. If the Offer is withdrawn before the issue of the Convertible Notes, all Application Moneys received by the Company will be refunded (without interest) to Applicants as soon as practicable after the withdrawal. In addition, ASIC may extend the Exposure Period by up to seven calendar days in which case the Opening Date for the Offer and other dates may be varied accordingly without notice.

1. Summary of the terms of the Convertible Note Offer

The Offer made under this Prospectus is an Offer to investors to subscribe for up to $30 million of Convertible Notes, each having a Face Value of $100 and issued at an Issue Price of:

- $98.90, which is applicable to Wholesale Applicants and to those Retail Applicants under the Broker Firm Offer who provide consent to the payment of the Service Fee, to which is added the Service Fee of $1.10 per Convertible Note (inclusive of GST); or

- $100 per Convertible Note, which is applicable only to Retail Applicants who do not provide consent to the payment of the Service Fee.

The Company retains the ability to raise up to $30 million, subject to a minimum subscription amount of $15 million.

The securities offered by the Company are redeemable, unsecured, convertible notes (**Convertible Notes**) with a term that ends on 31 March 2020 and a fixed interest rate of 5.5% per annum. Set out below is a detailed summary of the terms of the Offer and the Convertible Notes. A full copy of the Convertible Note Terms for the Convertible Notes is set out in Section 7. Terms used below have the same meaning as given to them in the Convertible Note Terms (refer clause 14 of the Convertible Note Terms). Rights and liabilities attaching to the Convertible Notes may also arise under the Corporations Act, the ASX Listing Rules and other applicable laws.

As this Section contains a summary only of the Convertible Note Terms, it is important that you read the information in the Prospectus (including the Convertible Note Terms) in full before you decide whether to apply for Convertible Notes. If you are unclear in relation to any aspect of the Offer or the Convertible Note Terms, or if you are uncertain whether the Convertible Notes are a suitable investment for you, you should consult your professional adviser.

Topic	Summary	For more information
General		
Issuer	• Contango MicroCap Limited ABN 47 107 617 381 (**Company**). • The Company (which is the holding company of the Contango Group) is a listed investment company (**LIC**). It was initially listed on ASX on 25 March 2004. It was established to provide investors with the opportunity to access the benefits of investment primarily in the Australian share market utilising the portfolio investment and management skills of the Company's investment manager, Contango Asset Management Limited (**CAML**). CAML is a wholly-owned subsidiary of the Company. • The Company has a diversified portfolio of securities of typically between 60 and 90 ASX listed microcap companies (with the microcap sector generally being regarded as ASX listed companies with a market capitalisation of between $10 million and $350 million (at the time of acquisition)). Relevantly, at 30 June 2014, there were approximately 1,600 ASX-listed microcap stocks. • Further information on the Company is provided in Section 3, including financial information.	Section 3
Convertible Notes	• The Convertible Notes are redeemable, unsecured, convertible debt obligations of the Company.	Sections 2 and 7
Currency	• Australian dollars.	Section 2
Face Value	• $100 per Convertible Note.	Section 2.1

Topic	Summary	For more information
Issue Price	• $98.90 per Convertible Note, which is applicable to Wholesale Applicants and to those Retail Applicants under the Broker Firm Offer who provide consent to the payment of the Service Fee, to which is added the Service Fee of $1.10 per Convertible Note (inclusive of GST); or • $100 per Convertible Note, which is applicable only to Retail Applicants who do not provide consent to the payment of the Service Fee.	Section 2.1
Credit rating	• The Convertible Notes have not been assigned a credit rating.	Section 2
Maturity Date	• Unless earlier converted, redeemed or re-purchased (and cancelled), the Company will redeem all outstanding Convertible Notes on 31 March 2020 (**Maturity Date**).	Section 7
Key Benefits	• Issued by the Company. • Term of in excess of 5 years. • Fixed interest rate of 5.5%. • Interest paid semi-annually in arrears (31 March and 30 September). • Interest paid as 100% cash. • Interest is not deferrable by the Company and interest payments are not discretionary. • The Convertible Notes rank equally with all other unsecured creditors of the Company (other than those unsecured creditors preferred at law). However, the Convertible Notes rank behind any secured creditors of the Company (of which there are none as at the date of this Prospectus). • As the Convertible Notes are convertible into Shares, the Holders will have the opportunity to participate in any increase in the market price of the Shares above the initial conversion price of $1.30. • The Convertible Notes offer an exposure to the performance of microcap securities via the conversion rights of Holders. • The Convertible Notes may be sold on ASX prior to maturity. • The Convertible Notes provide investors with an opportunity to diversify their investment portfolio.	Section 7
Key Risks	There are many risks associated with an investment in the Convertible Notes. To understand these risks, you should read Section 4 of the Prospectus before deciding whether to invest. The key risks associated with the Convertible Notes include the following: • the market price of Convertible Notes may fluctuate due to various factors that affect financial market conditions or factors relating to the Company. There may be volatility in the market price of Convertible Notes and this may result in a market price below the Issue Price (plus the Service Fee, if applicable) of $100 per Convertible Note. If you sell your Convertible Notes, you may not be able to do so at an acceptable price or at all (if insufficient liquidity exists in the market for Convertible Notes); • as a Holder, you are an unsecured creditor of the Company. The Convertible Notes rank behind secured creditors and any other creditors preferred by law on a winding-up of the Company. In addition, the Company may, within limits, determine at a future date to incur secured debt or give security in respect of other obligations. If this is to occur, the Convertible Notes would rank behind such new or additional secured debt (however, under the Convertible Note Terms, there are restrictions on, or on the level of, such new or additional secured debt); • as a Holder, the Convertible Note Terms provide you with specific exit rights prior to the Maturity Date in certain limited circumstances only. In addition, Convertible Notes can be realised before maturity by a sale on market or by private sale. As already noted, there is a risk that the sale price on market or by private sale may be less than the Issue Price; • if early Redemption of the Convertible Notes occurs, you may not	Section 4

Topic	Summary	For more information
	receive the expected returns on your investment (compared to holding the Convertible Notes to maturity); • the Company may be unable to pay Interest or repay all or any of the money owed on the Convertible Notes on time or at all (however, under the Convertible Note Terms, default in payment is likely to be an Event of Default); and • the Trustee has no obligation to monitor the Company's financial position, including the capacity of the Company to fulfil its obligations in relation to the Convertible Notes. The risks associated with the Contango Group's business include the following: • the Contango Group, like other financial services providers, is affected by general economic and financial market conditions, including interest rate changes, investor confidence and investor perceptions. Changes in general macroeconomic factors may also materially affect investment markets, asset values and market liquidity, all of which may adversely impact on the financial performance, operations and cash flow of the Contango Group. This may also adversely affect the ability of the Company to fund the required Interest payments and the repayment of the Face Value of the Convertible Notes (on the Redemption Date or Maturity Date); • the investment and funds management businesses of the Contango Group are dependent on the ability of the Contango Group to retain, and grow, the level of funds under management. A material decline in the funds under management would be likely to materially and adversely impact the financial performance, operations and cash flow of the Contango Group (management fees, which represent a significant proportion of the revenues derived within the Contango Group, could be expected to fall as a direct consequence of any material decline in the amount of funds under management); and • the investment and funds management businesses of the Contango Group are very dependent on the investment performance of the funds management team – there can be no guarantee of the future success of any investment portfolio managed by Contango Asset Management Limited (**Investment Manager**) or that the Contango Group will be successful in maintaining the current level of funds under management. **The above risks are not an exhaustive list of the potential risks faced by Holders. There are a number of general commercial risk factors and general market risks that could adversely affect the Company's financial performance, position or prospects. You should carefully consider all the risk factors set out in Section 4 before deciding to invest in Convertible Notes.**	
Offer		
Offer size	$30 million (300,000 Convertible Notes), subject to a minimum subscription of $15 million.	Section 2
Use of proceeds	• The Company is conducting the Offer for the purpose of: o establishing and investing in a new listed investment company (Contango Income Generator Limited (**CIG**)), in which the Company will have a significant shareholding; o increasing the size of the Company and its Investment Portfolio; and o lowering the Company's management expense ratio by increasing the scale of the Company's business relative to its fixed expenses. • The funds raised pursuant to this Offer will be used to subscribe for shares in CIG under the CIG Offer, pursuant to a Subscription Agreement. • Subject to certain conditions precedent, the Company has agreed to subscribe for up to, and in certain limited circumstances more than, 50% of the shares to be issued under the CIG Offer, subject to its minimum subscription for shares in CIG being an amount calculated in accordance	Sections 3.2(a), 3.3 and 6.5(d)

Topic	Summary	For more information
	with an agreed formula and its maximum subscription being $30 million (refer Section 6.5(d) for details). • CIG intends to acquire a diversified range of listed investments in Australia. CIG's investment focus will be on those entities within the S&P/ASX 300 Index, excluding the 30 largest securities by market capitalisation. Details on CIG's investment objectives and investment strategy are outlined in Section 3.3. • Note, the Offer is not conditional on the CIG Offer proceeding or shares in CIG being issued to applicants under the CIG Offer. If for any reason the CIG Offer does not proceed or does not complete and the funds raised under this Offer are not required for the purpose of investing in CIG, the Company intends to use the proceeds of the Offer for general corporate purposes, including to invest in securities (which will form part of the Company's Investment Portfolio) and in other appropriate investment opportunities. • On 28 November 2014, CIG issued a prospectus for the CIG Offer under which CIG is making an offer of fully paid ordinary shares (and attaching 'loyalty options') to raise up to $60 million (with a minimum subscription of $20 million). A copy of the CIG prospectus is available at www.cigl.com.au. • Any person considering applying for shares and options in CIG should consider the CIG prospectus in deciding whether to acquire shares and options in CIG. Any person who wants to acquire shares and options in CIG will need to complete the application form that accompanies the CIG prospectus.	
Offer Structure	• The Offer comprises a Broker Firm Offer only – under the Offer, Convertible Notes will be issued only to Australian and New Zealand clients of the Participating Brokers.	Sections 2.1 and 2.2
Minimum Application Amount	• $2,000 (being 20 Convertible Notes) and thereafter in multiples of 10 Convertible Notes ($1,000). • Note, all Convertible Notes are issued with a Face Value of $100.	Section 2.2
Application Amount and Fees & Costs payable to the Joint Lead Managers and Brokers	The Application Amount payable by Retail Applicants who provide consent to the payment of the Service Fee and Wholesale Applicants under the Broker Firm Offer is $100 per Convertible Note comprising the Subscription Amount of $98.90 per Convertible Note payable to the Company and the Service Fee of $1.10 per Convertible Note (inclusive of GST) payable to their respective Participating Brokers. Retail Applicants who receive a firm allocation from a Participating Broker under the Broker Firm Offer will be requested to provide their consent to and authorisation of the payment of the Service Fee to that Participating Broker (and acknowledge that the Participating Broker may also seek consent to the on-payment of a percentage of the Service Fee to an adviser or individual Participating Broker who provided advice or dealing services to them in respect of the Offer). If a Retail Applicant does not provide such consent or authorisation when completing the Broker Firm Offer Application Form (either online or in hard copy form), no Service Fee is payable to that Retail Applicant's Participating Broker, but the Convertible Notes issued to the Applicant will be issued at an Issue Price of $100 per Convertible Note (and not at $98.90 per Convertible Note). For the avoidance of doubt, Retail Applicants under the Broker Firm Offer who do not provide their consent to the Service Fee being paid to their respective Brokers will pay an Application Amount of $100 per Convertible Note which will comprise the Issue Price per Convertible Note (with no Service Fee payable). The Company will retain any interest earned on all Application Moneys whether or not any Service Fee is paid to a Broker. This Service Fee does not apply to, and is not payable by, Retail Applicants under the Broker Firm Offer who do not provide their consent.	Section 2.1

Topic	Summary	For more information
	The Company will pay to the Joint Lead Managers a management fee of 1.25% (exclusive of GST) of the gross proceeds of the Offer. The Offer Management Agreement also includes provisions governing Evans and Partners Pty Ltd's role as the Authorised Intermediary. A fee of $1 (excluding GST) is payable by the Company to Evans and Partners Pty Ltd in respect of its services as the Authorised Intermediary.	
No underwriting	• The Offer is not underwritten.	Section 2.1
Interest		
Interest rate	• Fixed at 5.5% per annum for the term of the Convertible Notes.	Section 7
Interest Payment Dates	• Interest will be payable in arrears on 31 March and 30 September of each year during the term of the Convertible Notes. • The first Interest Payment Date is 31 March 2015. • If an Interest Payment Date is not a Business Day, then the due date for the payment of interest will be postponed to the next Business Day (however, the Holder is not entitled to any additional payment in respect of that delay).	Section 7 (clauses 2 and 3 of the Note Terms)
Interest payments	• Interest will be paid on the Convertible Notes half yearly in arrears until the earliest to occur of Redemption, Conversion and Maturity. • Each Interest Period commences on (and includes) an Interest Payment Date and ends on (but excludes) the next Interest Payment Date, with: o the first Interest Period commencing on (and including) the Allotment Date; and o the final Interest Period ending on (but excluding) the Maturity Date or a Redemption Date. • For each Interest Period, interest will be paid to Holders registered as such at 7.00pm (Melbourne time) on the relevant record date for the Interest Period, which date will be eight calendar days before the Interest Payment Date for that interest payment or as otherwise required by ASX. • The amount of Interest scheduled to be paid on each Convertible Note in respect of each Interest Period will be calculated using the following formula: $\text{Interest payable} = \frac{5.5\% \times \$100 \times N}{365}$ where: **N** means the number of days in the Interest Period. • The Company will announce to ASX the amount of Interest payable on each Convertible Note for each Interest Period by no later than the fifth Business Day of each Interest Period. • Interest payments will not be franked with franking credits. • Interest payments are not deferrable by the Company and are not discretionary (i.e. if an interest payment is not made in full on the due date, it may give rise to an Event of Default).	Section 7 (clauses 2 and 3 of the Note Terms)
Default Interest	• If an amount is not paid when due, then interest accrues on the unpaid amount (both before and after any demand or judgment) at 7.5% until the date on which payment is made to the Holder.	Section 7
Conversion to Shares		
Holder Conversion Rights	• Holders may request conversion of some or all of their Convertible Notes (into Shares) at any time after the Issue Date until 10 Business Days prior to the Maturity Date. • A Conversion Notice given to the Company at least 10 Business Days before an Interest Payment Date will be effective on such date as determined by the Company, provided that date is no later than the next	Section 7 (clause 4 of the Note Terms)

Topic	Summary	For more information
	Interest Payment Date. • A Conversion Notice given to the Company less than 10 Business Days before an Interest Payment Date (with that Interest Payment Date being 'Date 1') will be effective on such date as determined by the Company, provided that date is no later than the next Interest Payment Date after Date 1. • For clarity, in respect of Convertible Notes that are converted, it is not intended to permit Holders to benefit from both the payment of Interest on the Convertible Notes (before Conversion) and the payment of dividends (on the Shares issued on Conversion) where the respective payments effectively relate to the same period.	
Conversion Price	• The initial Conversion Price is $1.30. This represents a 22% premium to the average daily volume weighted average prices of the Shares traded during the five Business Days prior to 28 November 2014. • The Conversion Price will be subject to adjustment for certain share and other transactions undertaken by the Company. Details of the circumstances in which adjustments will be made to the Conversion Price, and the formulae for calculation of the adjustment to be made in each case, are set out in the full Convertible Note Terms (refer Section 7 of the Prospectus).	Section 7 (clause 4 of the Note Terms)
Conversion number	• Upon conversion, each Convertible Note will convert into the number of Shares determined by dividing the Face Value (and any accrued, unpaid interest that the Company decides ought to be included in the Conversion Amount) by the Conversion Price (as adjusted – if required), with fractions disregarded.	Section 7 (clause 4 of the Note Terms)
Repayment at Face Value		
Redemption	• The Company must Redeem all Convertible Notes (that have not previously been converted into Shares, Redeemed or repurchased (and cancelled)) on the Maturity Date. • On that date, Holders will receive: o the Face Value ($100 per Convertible Note); plus o the final payment of Interest for the period from (and including) the preceding Interest Payment Date to (but excluding) the Maturity Date.	Section 7 (clause 5 of the Note Terms)
Rights of the Company to early Redemption of the Convertible Notes	• The Company may Redeem all (but not some) Convertible Notes that have not previously been converted prior to the Maturity Date if: o a Regulatory Event occurs; o a Minimum Holding Event occurs; or o a Change of Control occurs. • If Convertible Notes are Redeemed by the Company prior to the Maturity Date in any of these circumstances, Holders will receive the Face Value per Convertible Note plus any outstanding Interest due and payable. • Further, at any time prior to the Maturity Date, the Company may purchase Convertible Notes on ASX (subject to compliance with all applicable laws and requirements of ASX (if any)). • Convertible Notes purchased on-market by the Company will be cancelled. • Each of the terms used in this paragraph is summarised below and defined in Section 7.	Section 7 (clause 5 of the Note Terms)
Rights of the Holder to early Redemption of the Convertible Notes	• Holders may sell their Convertible Notes on ASX at any time in accordance with ASX operating procedures. • In addition, prior to the Maturity Date, Holders may Redeem all (but not some) of their Convertible Notes in the following circumstances: o a Delisting Event occurs; or	Section 7 (clause 5 of the Note Terms)

Topic	Summary	For more information
	○ a Change of Control Event occurs. • If Convertible Notes are Redeemed by the Holder prior to the Maturity Date, Holders will receive the Face Value ($100) per Convertible Note plus any outstanding Interest due and payable. • Each of the defined terms used in this paragraph is summarised below and defined in Section 7.	
Redemption after Event of Default	• If an Event of Default occurs, the Trustee may require the Company to Redeem the Convertible Notes. The Trustee is not formally obliged to do so unless the Holders resolve (by Special Resolution approved at a general meeting of the Holders) to instruct the Trustee to seek Redemption. • Details of what constitutes an Event of Default is summarised below and defined in Section 7.	Section 7 (clause 5 of the Note Terms)
Financial Covenant		
Rationale	• Holders have the benefit of a gearing covenant. The purpose of the covenant is to require the Company to manage its business (by limiting the level of the Company's debt relative to its Total Equity) in a manner that maintains the capacity of the Company to service and repay the Convertible Notes.	Section 7 (clause 7.1 of the Note Terms)
Gearing covenant	• For so long as any Convertible Notes are outstanding, the Company's Gearing Ratio (expressed as a percentage): $\frac{\text{Consolidated Interest Bearing Liabilities}}{\text{Total Equity}}$ will not exceed 25%. • Based on the pro forma balance sheet of the Company in Section 3.2 and assuming $30 million is raised as a result of the Offer, the Company would have a Gearing Ratio of 16.9%. • The Company will disclose the Gearing Ratio: ○ as at 30 June of each year in its annual report; and ○ as at 31 December of each year in its half-year report. • At the date of this Prospectus, the Company has no debt facilities.	Section 7 (clause 7.1 of the Note Terms)
Undertaking to disclose Interest Cover Ratio	• In addition to the Gearing covenant, for so long as any Convertible Notes are outstanding, the Company undertakes to Holders that it will provide details: ○ as at 30 June of each year in its annual report; and ○ as at 31 December of each year in its half-year report, of its Interest Cover Ratio, namely: $\frac{\text{EBIT}}{\text{Net Interest Expense}}$ • The regular publication of information relating to the Interest Cover Ratio is for illustrative purposes as the Company will not be formally undertaking to maintain its Interest Cover Ratio at or above a particular level. However, regular publication of that information will at least provide some information to Holders concerning the Company's ability to service (and pay) the Interest payments in the Convertible Notes.	Section 3.2(d)(viii)
Negative pledge		
Rationale	• Holders will have the benefit of a negative pledge. The purpose of this undertaking by the Company is to protect the ranking of the Convertible Notes by preventing the Company from granting security in relation to other debt unless equal ranking security is granted in favour of the Holders of the Convertible Notes. • The negative pledge does not restrict the Company from issuing further debt that ranks equally with the Convertible Notes.	Section 7 (clause 7.2 of the Note Terms)
Details of	• For so long as any Convertible Notes remain outstanding, the Company	Section 7

Topic	Summary	For more information
Negative Pledge	must not create or allow to exist, and must procure that no other member of the Contango Group creates or allows to exist, any prior ranking security over any assets of the Contango Group (other than certain permitted security interests) in respect of, or in connection with, any other debt of the Company without according to the Holders of the Notes the same security, security that is in substance equal ranking security or such other security as is approved by the Trustee (securing the Company's obligations to the Holders under the Convertible Note Terms and the Trust Deed).	(clause 7.2 of the Note Terms)
No existing security	• As at the date of this Prospectus, the Company has no secured debt which would rank ahead of the Convertible Notes (on a winding up of the Company).	Section 3.2(d)(x)
Ranking		
No security	• The Convertible Notes are not secured by any assets of the Company or of the Contango Group.	Section 7 (clause 6 of the Note Terms)
Ranking generally	• The Convertible Notes rank: o behind secured creditors of the Company (of which there is currently none); o equally amongst themselves and at least equally with all other unsecured and unsubordinated debt obligations of the Company, other than those obligations mandatorily preferred by law; and o ahead of ordinary equity of the Company and any of the Company's obligations that are subordinated to the Convertible Notes. • On conversion, the resulting Shares will rank equally with all other issued ordinary shares in the capital of the Company. • As at 30 June 2014, the Contango Group had no secured debt and no other debt that will rank ahead of the Convertible Notes.	Section 7
Entitlements of Holders on a winding up	• The Convertible Notes are unsecured debt and are a direct claim only on the Company, which is the holding company for the Contango Group. This means that, in the event of a winding-up of the Company, Holders will be entitled to prove in the winding-up of the Company for a repayment of the Face Value and any Interest that has accrued but remains unpaid on the Convertible Notes. • Holders will participate, proportionately to the claims of all unsecured creditors, in the pool of distributable assets on the winding up of the Company, but only after all secured debts (and priority debts) of the Company have been paid in full. • In addition, Holders may have an indirect claim in respect of the assets of any Subsidiary of the Company, but such claim will be structurally subordinated (as regards the assets of the Subsidiary) to claims arising from 'Financial Indebtedness' (as defined in the Note Terms) and other debts directly owed or remaining unpaid by that Subsidiary. • If a Holder converts the Convertible Notes into Shares, as a Shareholder, the Holder will participate, proportionately to all other Shareholders, in the pool of surplus distributable assets on the winding up of the Company, but only after all secured debts (including priority debts) and unsecured debts (including in relation to outstanding Convertible Notes) of the Company have been paid in full.	Section 7
Definitions		
Generally	• Each of the terms has the meaning given to it in the Convertible Note Terms (see clause 14.2 of the Note Terms in Section 7). Set out below is a summary of the meaning of each term.	Section 7 (clause 8 and 14.2 of the Note Terms)
'Event of Default'	An **Event of Default** means: • a failure by the Company to pay any amount payable by it under the Convertible Note Terms (including Interest) within 10 Business Days of	Section 7 (clause 8 and 14.2 of the Note

Topic	Summary	For more information
	the due date and, where the sole reason for the default is a technical or administrative difficulty within the banking system used to effect payment, such default is not remedied within 5 Business Days; • a failure by the Company to comply with any of its other obligations under the Trust Deed and/or Convertible Note Terms and such failure is not remedied for 20 Business Days after the Company has received written notice from the Trustee requiring the failure to comply to be remedied; • an insolvency event (such as liquidation or external administration) occurs in respect of the Company; • the Company ceases or suspends the conduct of all of its business; • it is unlawful at any time for the Company to perform any of its payment obligations under the Convertible Notes; • the Company fails to issue Shares on Conversion in accordance with the Convertible Note Terms within 10 Business Days after the date on which such issue is to be made; • any debt of the Company greater than $1.0 million (or its equivalent in any other currencies) becomes due and payable before its stated maturity due to the occurrence of a default event under the terms of that debt; or • all or any rights or obligations of the Company, the Holders or the Trustee under the Trust Deed or the Convertible Note Terms are terminated or are or become void, illegal, invalid, unenforceable or of limited force and effect.	Terms)
'Delisting Event'	• A **Delisting Event** will occur if either the Shares or Convertible Notes cease to be quoted on ASX or trading of either the Shares or the Convertible Notes on ASX is suspended for more than 20 consecutive Business Days.	Section 7 (clause 8 and 14.2 of the Note Terms)
'Change of Control Event'	A **Change of Control Event** will occur if: • a takeover offer is made for all of the Shares and the offer is, or becomes, unconditional and either the bidder becomes entitled to more than 50% of the Shares or the Directors of the Company unanimously recommend acceptance of the offer and acceptance of the offer would result in the bidder acquiring a relevant interest in 100% of the Shares; or • a scheme of arrangement is approved by the court which, when implemented, will result in a person acquiring a relevant interest in 100% of the Shares.	Section 7 (clause 8 and 14.2 of the Note Terms)
'Regulatory Event'	A **Regulatory Event** will occur if, after the Issue Date, in the opinion of the Directors: • there is more than an insubstantial risk that the Company will be exposed to additional costs or other requirements which the Directors determine to be unacceptable as a result of the occurrence on or after the Issue Date of: o changes in the applicable standards or regulations affecting the accounting treatment of the Convertible Notes; o changes in the laws or regulations affecting the Convertible Notes or any action required to be taken by the Company under the Convertible Note Terms or the Trust Deed; or o any action or decision of a Governmental Agency or ASX interpreting or applying any law or regulation or the ASX Listing Rules; or • there is more than an insubstantial risk that the Company will be exposed to more than a *de minimis* increase in its costs in relation to the Convertible Notes (including, but not limited to, increased taxes, duties or other governmental charges or civil liabilities and/or the loss or reduction of any tax deduction available to the Company in connection with the payment of Interest on the Convertible Notes) as a result of the occurrence on or after the Issue Date of:	Section 7 (clause 8 and 14.2 of the Note Terms)

Topic	Summary	For more information
	○ any amendment to, clarification of, or change (including any announced prospective change), in the laws or treaties or any regulations of Australia or any political subdivision or taxing authority of Australia affecting taxation; ○ any judicial decision, official administrative pronouncement, published or private ruling, regulatory procedure, notice or announcement (including any notice or announcement of intent to adopt such procedures or regulations) (**Administrative Action**); or ○ any amendment to, clarification of, or change in the pronouncement that provides for a position with respect to an Administrative Action that differs from the current generally accepted position, in each case, by any legislative body, court, governmental authority or regulatory body, irrespective of the manner in which such amendment, clarification, change or Administrative Action is made.	
'Minimum Holding Event'	• A **Minimum Holding Event** will occur if, at any time, the aggregate Face Value of the Convertible Notes that have not been redeemed is less than 10% of the aggregate Face Value of the Convertible Notes originally issued.	Section 7 (clause 8 and 14.2 of the Note Terms)
Other terms		
Participation rights	• The Convertible Notes do not carry a right to participate in any offering of new securities in the Company (unless, prior to the offer, the Convertible Notes are converted into Shares).	Section 7 (clause 1.7 of the Note Terms)
Issue of further securities by the Company	• Subject to the restrictions below, the Company has the right to issue additional Convertible Notes or other securities that have the same or different terms to the Convertible Notes (including but not limited to terms relating to interest or distribution rates, maturities or dividend) and which may rank ahead, equally with or behind the Convertible Notes and whether or not secured, without the approval of Holders. • However, the Company may only issue additional Convertible Notes or other securities without the approval of Holders if: ○ the issue does not involve the Company or any other member of the Contango Group granting prior ranking security for any Financial Indebtedness (other than in accordance with certain specified exceptions) without also providing the same or equal ranking security to the Holders; and ○ the issue will not result in the Company breaching the Gearing Ratio. • If there is a securities issue (whether by way of renounceable or non-renounceable pro-rata issue (except a bonus issue), dividend reinvestment plan or like arrangement, share purchase plan or placement), an off-market buy-back, capital reconstruction or capital return before the Maturity Date, the Conversion Price may be adjusted in accordance with the Convertible Note Terms.	Section 7 (clauses 4, 7.2 and 13.6 of the Note Terms)
Trust Deed	• Each Convertible Note is issued on and subject to the provisions of the Trust Deed and the Convertible Note Terms.	Section 7 (clause 1.1 of the Note Terms)
Trustee	• Equity Trustees Limited was appointed as Trustee pursuant to the Convertible Note Trust Deed executed on 26 November 2014. • The Convertible Note Trust Deed outlines the obligations of the Company and the Trustee to the Holders in relation to the Convertible Notes. All rights in relation to the Convertible Notes may generally only be enforced by the Trustee in accordance with the Convertible Note Trust Deed.	Section 6.5(a)
Fees and charges	• No fees, charges, brokerage, commission or stamp duty is payable by you on your application for Convertible Notes. You may be required to pay brokerage if you sell your Convertible Notes after the Convertible	Section 2

Topic	Summary	For more information
	Notes are quoted on ASX.	
Voting rights	• The Convertible Notes do not confer voting rights at general meetings of the Company. Holders are entitled to vote at general meetings of the Holders on matters that affect their rights under the Trust Deed.	Section 7 (clause 1.7 of the Note Terms)
ASX quotation	• The Company will apply within 7 days after the date of this Prospectus for the Convertible Notes issued under this Prospectus to be quoted on ASX. If official quotation is granted, the Convertible Notes are expected to commence trading on or about 24 December 2014 under the ASX code 'CTNG'. • If quotation approval is not granted by ASX within three months after the date of this Prospectus, the Convertible Notes will not be issued and all Application Moneys will be refunded to Applicants without interest. • Once quoted on ASX, the Convertible Notes may be purchased or sold on ASX through a broker. The market price of the Convertible Notes may be higher or lower than their Issue Price depending on, among other things, the level of supply and demand for the Convertible Notes, and the financial performance of the Company.	Section 2
Taxation	• The taxation implications of investing in the Convertible Notes will depend on the individual circumstances of the Holder, including whether you are a resident of Australia or another country. A summary of the relevant Australian taxation consequences for Holders is provided in Section 5. • Holders should obtain their own taxation advice based on their individual circumstances before deciding whether to invest in the Convertible Notes.	Section 5
Amendment of the Convertible Note Terms	• The Trust Deed, including the Convertible Note Terms, may be amended in certain circumstances, some of which require the approval of Holders and others which only require the agreement of the Company and the Trustee. Details of the circumstances in which the Trust Deed, including the Convertible Note Terms, may be amended is set out in section 7.	Section 7 (clause 12 of the Note Terms)
Will I become a Shareholder by investing in Convertible Notes?	• You will not become a Shareholder by investing in the Convertible Notes. You will only become a Shareholder if you elect to convert your Convertible Notes into Shares.	Section 7 (clause 1.7 of the Note Terms)
Governing law	• Victoria, Australia	Section 7 (clause 1.7 of the Note Terms)

2. Details of the Offer

2.1 The Offer

General

The Offer made under this Prospectus is an Offer to investors to subscribe for up to $30 million of Convertible Notes, each with a Face Value of $100, and to be issued at an Issue Price per Convertible Note of:

- $98.90, which is applicable to Wholesale Applicants and to those Retail Applicants under the Broker Firm Offer who provide consent to the payment of the Service Fee, to which is added the Service Fee of $1.10 per Convertible Note (inclusive of GST); or
- $100, which is applicable only to Retail Applicants who do not provide consent to the payment of the Service Fee.

The Minimum Subscription under the Offer is $15 million.

The Offer comprises a Broker Firm Offer only, which is open to Australian and New Zealand resident clients of the Participating Brokers who have received a firm Allocation.

The Application Amount payable by Retail Applicants who provide consent to the payment of the Service Fee and Wholesale Applicants under the Broker Firm Offer is $100 per Convertible Note comprising the Issue Price of $98.90 per Convertible Note payable to the Company and the Service Fee of $1.10 per Convertible Note (inclusive of GST) payable to their respective Participating Brokers.

Retail Applicants who receive a firm allocation from a Participating Broker under the Broker Firm Offer will be requested to provide their consent to and authorisation of the payment of the Service Fee to that Participating Broker (and acknowledge that the Participating Broker may also seek consent to the on-payment of a percentage of the Service Fee to an adviser or individual Participating Broker who provided advice or dealing services to them in respect of the Offer).

If a Retail Applicant does not provide such consent or authorisation when completing the Broker Firm Offer Application Form (either online or in hard copy form), no Service Fee is payable to that Retail Applicant's Participating Broker, but the Convertible Notes issued to the Applicant will be issued at an Issue Price of $100 per Convertible Note (and not at $98.90 per Convertible Note).

For the avoidance of doubt, Retail Applicants under the Broker Firm Offer who do not provide their consent to the Service Fee being paid to their respective Brokers will pay an Application Amount of $100 per Convertible Note which will comprise entirely the Face Value per Convertible Note (with no Service Fee payable to any Participating Broker). The Company will retain any interest earned on all Application Moneys whether or not any Service Fee is paid to a Broker.

This Service Fee does not apply to, and is not payable by, Retail Applicants under the Broker Firm Offer who do not provide their consent.

Discretions under the Offer

The Company reserves the right not to proceed with the Offer at any time before the allotment of the Convertible Notes under the Offer. If the Offer does not proceed, all Application Moneys received by the Company will be refunded in full (without interest).

The Company reserves the right to decline any Application in whole or in part without giving any reason. An Application may be accepted by the Company in respect of the full number of Convertible Notes specified in the Application or any of them without further notice to the Applicant. Acceptance of an Application will give rise to a binding contract.

The Company reserves the right to close the Offer early, to accept late Applications or extend the Offer without notifying any recipient of this Prospectus or any Applicant.

Minimum Subscription

The Minimum Subscription under the Offer is $15 million. If the Minimum Subscription is not obtained within 4 months after the date of this Prospectus, the Company will repay all Application Moneys in full (without interest) as soon as practicable or issue a supplementary or replacement prospectus and allow

Applicants a further period (of a minimum of one month) in which to withdraw their Applications and be repaid their Application Moneys in full without interest.

Licensed Dealers

The Company does not hold an AFSL. Accordingly, the Offer of Convertible Notes under this Prospectus will be made pursuant to an arrangement between the Company and Evans and Partners Pty Ltd (**Evans and Partners**) under section 911A(2)(b) of the Corporations Act. The Company has authorised Evans and Partners (on behalf of the Joint Lead Managers) to make offers to arrange for the issue of the Convertible Notes by the Company under the Prospectus and the Company will only issue Convertible Notes in accordance with those offers (if they are accepted). The Financial Services Guide of Evans and Partners is set out in Section 8.

All Application Forms and Application Moneys received will be forwarded to the Share Registry for processing in accordance with the terms set out in this Prospectus.

Evans and Partners' participation in the Offer as the authorised intermediary under section 911A(2)(b) of the Corporations Act should not be considered as an endorsement of the Offer or a recommendation of the suitability of the Offer for any investor. Evans and Partners does not guarantee the success or performance of the Company or the returns (if any) to be received by investors. Neither Evans and Partners nor any other Joint Lead Manager is responsible for or has caused the issue of this Prospectus. The Company reserves the right to enter into similar arrangements to those with Evans and Partners with other licensed entities.

Further, Evans and Partners is not the issuer of the Prospectus or the Convertible Notes which may be issued under it and is not responsible for any failure to arrange the issue of the Convertible Notes.

The Company has agreed to pay a fee of $1 to Evans and Partners in respect of its agreement to act as the authorised intermediary under section 911A(2)(b) of the Corporations Act. Further details of the agreement entered into with Evans and Partners (as the authorised intermediary) are set out in Section 6.5(c) of the Prospectus.

Is the Offer underwritten?

No, the Offer is not underwritten.

Evans and Partners and BBY Limited are acting as Joint Lead Managers to the Offer. The Company and the Joint Lead Managers have entered into an Offer Management Agreement with respect to the Offer, details of which are set out in Section 6.5(b).

The Company has agreed to pay a management fee of 1.25% (in aggregate and exclusive of GST) of the gross proceeds received by the Company from the Offer to the Joint Lead Managers.

Morgans Financial Limited (**Morgans**) is acting as a Participating Broker to the Offer, but is not entitled to any fee other than the Service Fee that is applicable in respect of those of its clients who are Wholesale Applicants, or Retail Applicants who have consented to and authorised the payment of the Service Fee to Morgans, and who receive a firm allocation from Morgans under the Broker Firm Offer.

2.2 How do I apply under the Offer

Who is eligible?

The Offer comprises a Broker Firm Offer only.

The Broker Firm Offer is open only to Retail Applicants resident in Australia or New Zealand or to Wholesale Applicants in Australia or New Zealand who have received a firm allocation from their Participating Broker. Applications must be for a minimum of 20 Convertible Notes ($2,000).

How to apply for Convertible Notes

If you are applying for Convertible Notes under the Offer, you will need to complete and lodge your Application Form with the Participating Broker from whom you received your firm allocation. Application Forms must be completed in accordance with the instructions given to you by your Participating Broker and the instructions set out on the reverse of the Application Form.

Applicants under the Offer must lodge their Application Form and Application Moneys with their Participating Broker in accordance with the relevant Participating Broker's directions in order to receive

their firm allocation. Applicants under the Offer must not send their Application Forms to the Share Registry.

The allocation of Convertible Notes to the Participating Brokers will be determined by the Company in consultation with the Joint Lead Managers.

Convertible Notes that have been allocated to Participating Brokers for allocation to their clients will be issued to the Applicants who have received a valid allocation of Convertible Notes from one of those Participating Brokers.

It will be a matter for each of the Participating Brokers how they allocate Convertible Notes among their clients, and they (and not the Company nor the Joint Lead Managers) will be responsible for ensuring that clients who have received an allocation from them receive the relevant number of Convertible Notes.

The Company, Registry and the Joint Lead Managers take no responsibility for any acts or omissions by your Participating Broker in connection with your Application, Application Form and Application Moneys (including, without limitation, any failure to submit Application Forms by the close of the Offer).

Please contact your Participating Broker if you have any questions.

How to pay your Application Moneys

Application Moneys must be paid to your Participating Broker in accordance with the directions of the Participating Broker from whom you have received a fill allocation.

You should ensure that sufficient funds are held in the relevant account(s) to cover any cheque(s), electronic funds transfers or bank draft(s) for Application Moneys and that there is sufficient time for any such payment or transfer to be effected prior to your Application Form being processed. If not, your Application may be rejected.

2.3 Allocations of Convertible Notes

The allocation of the Convertible Notes under the Offer to Participating Brokers will be determined by the Joint Lead Managers in consultation with the Company. Allocations to Participating Broker Applicants by a Participating Broker are at the discretion of that Participating Broker, subject to the terms of the Offers set out in this Prospectus.

It is permissible for the Directors and the directors, employees and agents of other members of the Contango Group to participate in the Offer.

The Company reserves the right to reject any Application or to allocate a lesser number of Convertible Notes than that which is applied for.

2.4 Fees, costs and timing for applications

When does the Offer open?

The Offer is expected to open for Applications on 8 December 2014. However, this may be delayed if ASIC extends the Exposure Period for the Prospectus from 7 days to up to 14 days.

What is the deadline to submit an Application under the Offer?

Participating Broker Applicants should return their Applications in accordance with the deadline set for them by their Participating Broker.

The Company and the Registry take no responsibility in respect of an Application Form or Application Moneys which are delivered to your Participating Broker in connection with your Application until such time as your Application Form and Application Moneys are received by the Registry.

Is there any brokerage, commission or stamp duty payable by Applicants?

No stamp duty is payable by Applicants on the acquisition of Convertible Notes under the Offer.

Retail Applicants who provide consent to the payment of the Service Fee and Wholesale Applicants under the Broker Firm Offer will be required to pay the Service Fee of $1.10 per Convertible Note (inclusive of GST).

Retail Applicants who receive a firm allocation by a Participating Broker under the Broker Firm Offer will be requested to provide their consent to and authorisation of the payment of the Service Fee to that Participating Broker (and acknowledge that the Participating Broker may also seek consent to the on-

payment of a percentage of the Service Fee to an adviser or individual broker who provided advice or dealing services to them in respect of the Offer).

If the Retail Applicant does not provide such consent or authorisation when completing the Broker Firm Offer Application Form (either online or in hard copy form), no Service Fee is payable to that Retail Applicant's Participating Broker, but the Convertible Notes issued to the Applicant will be issued at an Issue Price of $100 (and not at $98.90 per Convertible Note).

For the avoidance of doubt, Retail Applicants who do not provide their consent to the Service Fee being paid to their respective Brokers will nevertheless pay an Application Amount of $100 per Convertible Note, which will comprise the Issue Price per Convertible Note (with no Service Fee payable). The Company will retain any interest earned on all Application Moneys whether or not any Service Fee is paid to a Participating Broker.

What are the costs of the Offer and who is paying them?

The costs of the Offer include the legal, accounting, advisory and other costs associated with the production of the Offer documentation. At the time of production of this Prospectus the costs payable by the Company are estimated to be $380,658 assuming the Minimum Subscription of $15 million is achieved and $582,855 assuming a maximum subscription amount of $30 million. The Company will pay these costs from the proceeds of the Offer (see Section 3.2).

Confirmation of your Application and trading on ASX

Applicants under the Offer will need to contact their Participating Broker to confirm their allocation of Convertible Notes.

Holding statements confirming Applicants' allocations under the Offer are expected to be sent to successful Applicants on or around 23 December 2014.

Is DvP settlement available?

Delivery versus payment (**DvP**) settlement is available for Applicants under the Offer. Please contact your Broker for further details.

When will I receive my Convertible Notes and when can I trade my Convertible Notes?

Subject to ASX granting approval for the quotation of the Convertible Notes, the Company will issue the Convertible Notes to successful Applicants as soon as practicable after the Closing Date. Allotment is expected to occur on 22 December 2014.

Trading of the Convertible Notes on ASX is expected to commence on 24 December 2014 on a normal T + 3 settlement basis.

If you sell your Convertible Notes before receiving an initial holding statement, you do so at your own risk, even if you have obtained details of your holding from your Participating Broker.

Application Moneys

All Application Moneys will be held by the Company on trust in a separate account until the Convertible Notes are issued to successful Applicants.

On the Allotment Date, any Service Fee component of the Application Amount will be moved to a separate service fee trust account.

Interest earned on the Application Moneys will be for the benefit of the Company and will be retained by the Company even if the issue of Convertible Notes does not take place.

Service Fee

Retail Applicants who provide consent to the payment of the Service Fee and Wholesale Applicants under the Broker Firm Offer will be required to pay an Application Amount of $100 per Convertible Note comprising the Subscription Amount of $98.90 per Share, payable to the Company and a Service Fee of $1.10 per Convertible Note (inclusive of GST) payable to their respective Participating Brokers.

Retail Applicants who receive a firm allocation from a Participating Broker under the Broker Firm Offer will be requested to provide their consent to and authorisation of the payment of the Service Fee to that Participating Broker (and acknowledge that the Participating Broker may also seek consent to the on-

payment of a percentage of the Service Fee to an adviser or individual broker who provided advice or dealing services to them in respect of the Offer).

If a Retail Applicant does not provide such consent or authorisation when completing the Broker Firm Offer Application Form (either online or in hard copy form), no Service Fee is payable to that Retail Applicant's Participating Broker, but the Convertible Notes issued to the Applicant will be issued at an Issue Price of $100 (and not at $98.90 per Convertible Note). For the avoidance of doubt, Retail Applicants under the Broker Firm Offer who do not provide their consent to the Service Fee being paid to their respective Brokers will nevertheless pay an Application Amount of $100 per Convertible Note, which will comprise the Issue Price per Convertible Note (with no Service Fee payable). The Company will retain any interest earned on all Application Moneys whether or not any Service Fee is paid to the Participating Broker.

This Service Fee is a one-off fee payable to the Applicant's Participating Broker in respect of the services provided by the Participating Broker (and any specified adviser or individual broker) in introducing an Applicant to the Offer, giving advice in respect of the Offer and dealing in respect of the Offer.

Applicants under the Broker Firm Offer will pay their Subscription Amount and Service Fee at the same time. The Company will collect the Service Fee on behalf of Participating Brokers and hold the Service Fee together with the Subscription Amount in the Company's trust account for Application Moneys in relation to the Offer until the Allotment Date. The Service Fee component of the Application Amount will be moved on the Allotment Date to a service fee trust account.

In consenting to and authorising payment of the Service Fee to their Participating Broker, Applicants under the Broker Firm Offer will also be asked to consent to and authorise both the transfer of their respective Service Fee on the Allotment Date from the Company's trust account for Application Moneys in relation to the Offer to a Service Fee trust account and the subsequent on-payment of the Service Fee from that Service Fee trust account to their Participating Broker.

2.5 ASX Quotation

No later than 7 days after the date of this Prospectus, the Company will apply to ASX for the Convertible Notes to be quoted on ASX. The Company is not currently seeking quotation of its Convertible Notes on any financial market other than ASX. Trading in Convertible Notes is expected to commence on ASX, on a normal settlement basis, on or about 24 December 2014.

If ASX does not grant permission for official quotation of the Convertible Notes within three months after the date of this Prospectus, none of the Convertible Notes offered under this Prospectus will be issued, unless ASIC grants the Company an exemption permitting the issue.

If no issue is made, all Application Moneys paid for the Convertible Notes will be refunded without interest as soon as practicable.

The fact that ASX may agree to the quotation of the Convertible Notes is not to be taken in any way as an indication of the merits of the Company or the Convertible Notes offered for issue under the Offer. ASX takes no responsibility for the contents of this Prospectus.

Normal settlement trading in the Convertible Notes, if quotation is granted, will commence as soon as practicable after the issue of holding statements to successful Applicants. It is the responsibility of Applicants to determine their allocation prior to trading in the Convertible Notes. Applicants who sell Convertible Notes before they receive confirmation of their allotment will do so at their own risk.

2.6 Termination of the Offer

The Company reserves the right not to proceed with the Offer (or any part of it) at any time before the issue of Convertible Notes to the successful Applicants. If the Company withdraws the Offer, no Convertible Notes will be issued and all Application Moneys will be refunded (without interest).

2.7 Tax implications of investing in the Company

The taxation consequences of an investment in the Convertible Notes will depend on your particular circumstances. It is your responsibility to make your own enquiries concerning the taxation consequences of an investment in the Company.

A summary of the Australian taxation implications of investing in the Convertible Notes is set out in Section 5 and is based on current tax law and Australian Taxation Office rulings. The information in

Section 5 is not intended as a substitute for investors obtaining independent tax advice in relation to their personal circumstances.

2.8 Overseas distribution

No action has been taken to register or qualify the offer of Convertible Notes under this Prospectus, or to otherwise permit a public offering of Convertible Notes, in any jurisdiction outside Australia and New Zealand.

Offer only made where lawful to do so

The distribution of this Prospectus in jurisdictions outside Australia and New Zealand may be restricted by law. This Prospectus does not constitute an offer in any place in which, or to whom, it would not be lawful to make such an offer. Persons who come into possession of this document should inform themselves about and observe any restrictions on acquisition or distribution of the Prospectus. Any failure to comply with these restrictions may constitute a violation of securities laws.

United States residents

The Convertible Notes being offered pursuant to this Prospectus have not been registered under the US Securities Act and may not be offered or sold in the United States absent registration or an applicable exemption from registration under the US Securities Act and applicable state securities laws. This Prospectus does not constitute an offer to sell, or the solicitation of an offer to buy, nor shall there be any sale of the Convertible Notes in any state or other jurisdiction in which such offer, solicitation or sale would be unlawful. In addition, any hedging transactions involving these securities may not be conducted unless in compliance with the US Securities Act.

Overseas ownership and resale representation

It is your responsibility to ensure compliance with all laws of any country relevant to your Application. The return of a duly completed Application Form will be taken by the Company to constitute a representation and warranty made by you to the Company that there has been no breach of such laws and that all necessary consents and approvals have been obtained.

2.9 Anti-money laundering / counter-terrorism financing

Either the Company or the Joint Lead Managers may be required under the *Anti-Money Laundering/Counter–Terrorism Financing Act 2006* (Cth) or other law to obtain identification information from Applicants. The Company reserves the right to reject any Application from an Applicant who fails to provide the required identification upon request.

2.10 Enquiries

If you have any questions about the Offer please call the Company on +61 3 9222 2333 (Monday to Friday, 8.30am to 5.30pm Melbourne time). If you are unclear in relation to any matter or are uncertain as to whether Convertible Notes are a suitable investment for you, you should seek professional advice from your professional adviser.

3. The Company, the purposes of the Offer and the effect of the Offer on the Company

3.1 Business of the Company

(a) Background

The Company was established as a listed investment company (**LIC**) in January 2004 to provide investors with the opportunity to access the benefits of investment in the microcap sector of ASX, which sector of ASX is generally regarded as all entities / securities listed on ASX excluding the entities / securities included in the ASX 200 Index.

The Company's Investment Portfolio is managed on behalf of the Company by Contango Asset Management Limited (**CAML** or **Investment Manager**).

Subsequent to the completion in 2013 of the acquisitions of Contango Capital Partners Limited (**CCPL**), Bellwether Partners Limited and the shares already owned by the Company in Contango Group Pty Ltd (the holding company of the Investment Manager), the business of the Company was restructured into two principal operating divisions:

- a funds investment division, headed by CCPL, which conducts the investment business of the Company and, in particular, supervises the management and investment of the investment portfolios of the Company and CCPL; and
- a funds management division, headed by the Investment Manager, which entity manages the investment portfolios of the Contango Group, Bellwether Partners Limited and other third parties.

For the financial year ended 30 June 2014, the consolidated profit after income tax attributable to the members of the Company was $32.53 million. The result was primarily attributable to a rise in the value of the Company's Investment Portfolio.

From inception in 2004, until 30 June 2014, the Investment Portfolio of the Company has provided a compound return of 16.92% per annum, which compares favourably with the compound return of the ASX Small Ordinaries Accumulation Index over the same period of 4.6% per annum.

Over the 12 months to 30 June 2014:

- the Share price rose from $0.98 to $1.025 which, after adjustment for a total of 8 cents per Share paid in dividends in that year, represents a return to shareholders of 12.8% (compared to the return over the same period for the ASX Small Ordinaries Accumulation Index of 13.1%); and
- the net tangible asset backing per Share (**NTA**) of the Company increased by 8.2% which, after inclusion of 8 cents per Share in total dividends paid in that year, represents an increase in the NTA of 15.8%.

The Company's dividend policy is the payment of dividends in a financial year equal to or in excess of 6% of the NTA at the commencement of that financial year. The policy also contemplates the payment by the Company of additional special dividends when market circumstances allow.

The Company provides regular information about its Investment Portfolio and the performance of that Investment Portfolio to Shareholders and to the market generally via regular announcements to ASX and through the Company's website (www.contango.com.au).

(b) Who are the Directors?

Mark Kerr LL.B. (Non-Executive Director and Chairman)

Mark is an experienced director whose other current roles include Non-Executive Chairman of two other ASX listed companies, Hawthorn Resources Limited (28 November 2007 to present) and Think Childcare and Education Limited (21 July 2014 to present).

Mark is a director of Berkeley Consultants Pty Ltd which specialises in public relations and reputation management consultancy. He is also a director and adviser to various other private companies. Mark's community involvement currently extends to being a member of the Victorian Committee of the Juvenile Diabetes Research Foundation and a member of the St Vincent's Institute Charity Golf Day Committee.

Mark was formerly the Non-Executive Chairman of ASX listed Process Wastewater Technologies Limited from December 2007 to June 2013.

Ian Ferres AM, FIAA, FAICD (Non-Executive Director)

Ian has had a distinguished career in the funds management industry. He was employed by National Mutual Limited from 1956 to 1990. His executive positions within National Mutual Limited have included roles as Executive Director from 1983 to 1990, with responsibility for all worldwide equity, property, fixed interest investments and financial/banking ventures from 1975 to 1988, and as Managing Director of Meridian Funds Management 1988 to 1990. Ian was Group Managing Director of Australian Unity from 2002 to 2004.

Ian also holds a number of other non-executive positions, including as a consultant at TressCox Lawyers (since 2005) and as Chairman of Technology Development Investment Limited (and a director of its investee companies).

David Stevens B Ec (Monash University)

David is the Managing Director and Chief Investment Officer of the Investment Manager and has over 25 years in the funds management industry and investment markets. David is a founding director of the Investment Manager.

David was a strong advocate in developing the business cycle approach to investment management in Australia and has a detailed understanding of the way that markets value companies. He has experience in acquisitions and divestitures as well as extensive knowledge of the issues involved in establishing a successful funds management business.

David's previous roles have included Managing Director of HSBC (Aust) Asset Management Limited and Chief Investment Officer of HSBC (Aust) Asset Management Limited. David was a member of its global asset allocation committee and a member of the global Executive Committee. During his tenure as Managing Director, funds under management grew from $700 million to in excess of $6.3 billion.

Glenn Fowles BBS (Acc & Fin)

Glenn has worked in the financial services industry since 1985. His roles in funds management organisations have included that of Company Accountant, Operations Manager, Financial Controller, Finance Director, Chief Operating Officer and Chief Executive Officer.

Glenn has extensive experience in all aspects of investment administration, including investment accounting, custody, information systems, compliance and taxation.

Glenn is an employee and director of the Investment Manager where he has specific responsibility for operations, finance, the company secretariat and compliance.

In addition to his role as a Director, Glenn is the company secretary of the Company.

(c) Investment objectives

The Company aims to provide Shareholders with attractive investment returns through access to a steady stream of fully franked dividends and growth of the capital invested. Since listing in March 2004, the Company has invested nearly $1 billion in Australian microcap companies. In 2014, the Company celebrated its 10 year anniversary as an LIC.

The objectives of the Company are:

- to achieve a long term real rate of return for investors over and above a benchmark index, that being the S&P / ASX All Ordinaries Accumulation Index;
- to pay regular franked dividends; and
- to preserve the capital base of the Company.

(d) Investment mandate and approach

The Company predominantly invests in ASX-listed securities of entities in the microcap sector. It ordinarily invests on a medium to long term basis. The investment mandate (and guidelines) given to the Investment Manager do specifically permit investment of the Company's funds in a broad range of other listed (and unlisted) securities, exchange traded options, unit trusts, cash management trusts, the underwriting and sub-underwriting of issues of securities, bills of exchange and other negotiable

instruments. The Investment Manager is also permitted to invest in other permitted investments (i.e. investments other than in microcap securities) where it perceives there to be opportunities or where, in the opinion of the Investment Manager, it is appropriate to invest for the purpose of balancing the investment portfolio or maximising the return on the investment portfolio. The Investment Manager is permitted to hold up to 50% of its Investment Portfolio in cash.

The Company's investment philosophy is built on taking a medium to longer term view. Investment guidelines to that effect have been provided to the Investment Manager and, as a general rule, the investment approach of, and decisions on individual stocks by, the Investment Manager will involve and be based on an assessment by the Investment Manager of the quality of an investee entity's business, its business strategy and its key financial indicators (cash flows, sustainability of earnings, prospective price earnings ratios and dividend yields).

The Company's target area for investment is companies with a market capitalisation (at the time of acquisition) of between $10 million and $350 million. The Company's Investment Portfolio will typically hold between 60 and 90 companies.

(e) The Company's structure

The Company is a 'closed end' vehicle. This means the Company does not regularly issue new Shares or cancel Shares as investors join or leave the fund. Instead, investors in the Company buy and sell Shares on ASX.

From time to time the Company may issue new Shares (or other securities – for example – the present offer of the Convertible Notes) to increase the size of its Investment Portfolio - or buy back and cancel Shares in order to reduce the size of the Investment Portfolio. These decisions are made by the Board from time to time. The closed-end structure allows the Investment Manager to concentrate on investment selection without having to also manage money coming into or leaving the Investment Portfolio. The Company believes this capital stability is particularly relevant when investing in microcap stocks which, by their nature, tend to be relatively illiquid.

(f) The Investment Portfolio

The following table illustrates the sector allocations of the Company's Investment Portfolio as at 31 October 2014:

Sector allocations	Portfolio weighting
Energy	4.9%
Materials	8.6%
Industrials	13.7%
Consumer discretionary	22.6%
Consumer staples	1.5%
Healthcare	4.7%
Financials	19.0%
Info Tech	15.1%
Telecommunication services	1.8%
Utilities	2.3%
SPI	1.8%
Cash	4.0%
Total	100.0%

The Company's top 20 shareholdings by market value as at 31 October 2014 are set out in the table below:

Rank	Entity	Portfolio weighting
1.	Slater & Gordon	4.3%
2.	Affinity Education Grp	3.2%
3.	Villa World Ltd	3.1%
4.	GBST Holdings	2.8%
5.	Automotive Holdings	2.7%
6.	Village Roadshow Ltd	2.6%
7.	Mayne Pharma Ltd	2.5%
8.	Austbrokers Holdings	2.4%

Rank	Entity	Portfolio weighting
9.	Austal Limited	2.4%
10.	iProperty Group Ltd	2.4%
11.	Tiger Resources	2.3%
12.	ERM Power Limited	2.3%
13.	PMP Limited	2.2%
14.	SG Fleet Group Ltd	2.2%
15.	Prime Media Grp Ltd	2.2%
16.	BT Investment Management	2.1%
17.	Infomedia Ltd	2.0%
18.	Ingenia Group	2.0%
19.	NIB Holdings Limited	1.9%
20.	Cedar Woods Properties	1.9%
Total		**49.5%**

(g) Financial Performance

The following table provides a guide to the performance of the Company. In assessing the information in the table, you should be fully aware that **past performance is neither a guarantee nor indicative of future performance**. Future performance usually differs materially from past performance. Predictions of future performance involves assumptions, contingencies, known and unknown risks, uncertainties and other factors which, because they relate to events and depend on circumstances that may or may not occur in the future and assumptions which may or may not prove correct (and may be beyond the Company's ability to control or predict), the actual performance of the Company in the future is likely to be materially different from the past performance of the Company referred to in this Prospectus.

The historical performance information below is based on results to and including 30 September 2014. As it relates to funds managed by the Investment Manager, this information is calculated based on daily portfolio values and before the impact of fees and charges.

The index returns have been prepared by the Investment Manager from data obtained from the relevant index providers. Those index providers have not consented to the use of the data in the Prospectus.

The value of an investment in the Convertible Notes may rise or fall (in the same manner as may occur with the Shares).

Portfolio Performance	1 Year %	5 Years % pa	10 Years % pa	Since Inception (25 March 2004) % pa
Company	6.9%	7.2%	15.1%	16.7%
ASX All Ordinaries Accumulation Index	5.9%	6.7%	8.2%	12.5%
S&P/ASX Emerging Companies Accumulation Index	-1.8%	-4.4%	2.9%	3.1%
S&P/ASX Small Ordinaries Accumulation Index	-0.1%	-0.3%	3.6%	4.6%

(h) Investment Manager

The Company's Investment Portfolio is managed by its wholly owned subsidiary, Contango Asset Management Limited (**CAML** or **Investment Manager**), which holds an Australian Financial Services Licence (No. 237119).

The Investment Manager is a specialist funds manager that was founded in 1998 and has a track record of managing equity based investment strategies across all industries.

The Company and the Investment Manager have approximately $765 million in funds under management (as at 31 October 2014) across a range of funds and strategies.

David Stevens, as Chief Investment Officer of the Contango Group, has overall responsibility for investment decisions. The Investment Manager's team will comprise 10 investment professionals each of whom have significant skill and experience in different geographies, sectors and industries.

Until November 2013, the senior management team (including David Stevens and Glenn Fowles) owned (indirectly) in excess of 50% of the issued equity of CAML. On 30 November 2013, the Company completed the buy out of that equity, in consideration for the issue of Shares and options (exercisable into Shares) to the vendors (the CAML management team). As a result, CAML is now a wholly owned subsidiary of the Company.

(i) Further information concerning the Company

This Prospectus is issued by the Company in accordance with the provisions of the Corporations Act applicable to a prospectus for continuously quoted securities. It is a transaction specific prospectus and, as such, it does not contain the same level of disclosure as an initial public offering prospectus.

As a disclosing entity, the Company is subject to regular reporting and disclosure obligations. As a listed company, the Company is subject to the ASX Listing Rules which require, subject to certain exceptions, immediate disclosure to the market of any information of which the Company is aware which a reasonable person might expect to have a material impact on the price or value of the Shares.

The Company is not aware of any matters that need to be disclosed which have not been previously disclosed or which have not been set out in this Prospectus. The Company will make further announcements in respect of any such matters in accordance with its disclosure obligations as and when material developments occur.

Investors requiring further information about the Company or who may wish to view a record of the Company's announcements to ASX may do so by visiting the Company's website - www.contango.com.au or from the ASX website - www.asx.com.au. This Prospectus is intended to be read in conjunction with all information concerning the Company which has been previously publicly disclosed by the Company.

For further information on the announcements made by the Company to ASX, refer to Section 6.3.

3.2 Purpose of the Offer and Effect of the Offer on the Company

Under the Offer made in this Prospectus, the Company is seeking to raise up to $30 million by the issue of Convertible Notes, each for an Application Amount of $100 per Convertible Note. The Minimum Subscription under the Offer is $15 million.

The Issue Price of a Convertible Note is:

- $98.90, which is applicable to Wholesale Applicants and to those Retail Applicants under the Broker Firm Offer who provide consent to the payment of the Service Fee, to which is added the Service Fee of $1.10 per Convertible Note (inclusive of GST); or

- $100, which is applicable only to Retail Applicants who do not provide consent to the payment of the Service Fee.

In this Section, details are provided on the use of the funds raised under the Offer, the costs of the Offer and, more particularly, the effect of the Offer (assuming the capital raising is successful) on the capital structure and financial position of the Company.

(a) Use of funds

The Company is conducting the Offer for the primary purpose of:

- funding the Company's subscription for shares in the initial public offer of CIG (**CIG Offer**) (pursuant to the Subscription Agreement – refer Section 6.5(d)) and to generally assist in the establishment of CIG as a new listed investment company, which company will focus on investment in higher yielding stocks and the provision of regular franked dividend returns to its shareholders (including the Company);

- increasing the size of the Company's Investment Portfolio (as a result of its proposed investment in CIG or, if CIG Offer does not proceed or does not complete, by direct addition of the funds raised under the Offer to the Investment Portfolio); and

- lowering the Company's management expense ratio by increasing the scale of the Company's business relative to its fixed expenses.

The issue of the Convertible Notes (and the raising of the additional funding under the Offer) is an important part of the Company's strategy to expand its capital base and grow its investment activities. Consistent with that strategy, the Company intends to use all, or substantially all, of the funds raised from the Offer to subscribe for shares in the CIG Offer and to generally assist in the establishment of CIG as a new listed investment company. An overview of the investment philosophy of CIG is outlined in Section 3.3.

As indicated above, the Company has entered into the Subscription Agreement for the purpose of it subscribing for shares in the CIG Offer. It is expected that all, or substantially all, of the funds raised under the Offer (after the payment of the Offer costs) will be used for that purpose.

On 28 November 2014, CIG issued a prospectus for the CIG Offer under which CIG is making an offer of fully paid ordinary shares (and attaching 'loyalty options') to raise up to $60 million (with a minimum subscription of $20 million). A copy of the CIG prospectus is available at www.cigl.com.au.

Any person considering applying for shares and options in CIG should consider the CIG prospectus in deciding whether to acquire shares and options in CIG. Any person who wants to acquire shares and options in CIG will need to complete the application form that accompanies the CIG prospectus.

Details of the Subscription Agreement entered into by the Company relating to its subscription for shares in CIG are set out in Section 6.5(d). In summary, under the Subscription Agreement, subject to the following conditions (which may be waived by the Company, but not by CIG):

- the amount raised by the Company under this Offer is not less than $15 million;

- the Convertible Notes the subject of this Offer have been issued by the Company; and

- the aggregate sum raised under this Offer and the CIG Offer (as at 11.00am (AEST) on the closing date of the CIG Offer) is not less than $20 million,

then the Company must subscribe for shares in the CIG Offer for an amount that is:

- not less than the lowest of the following amounts:
  - $30 million;
  - the amount raised under this Offer; and
  - the amount raised under the CIG Offer (excluding subscriptions by the Company); and
- not more than the lower of:
  - $30 million; and
  - the amount raised under this Offer.

By way of example, if the amount of valid applications received under the CIG Offer (at 11.00am (AEST) on the closing date of the CIG Offer) is $25 million and the Company raises $17 million under this Offer,

then the Company must apply for 17 million shares in CIG under the CIG Offer (for a total amount of $17 million in application moneys) before the CIG Offer closes.

The Company has agreed to subscribe for up to, and in certain limited circumstances more than, 50% of the shares to be issued under the CIG Offer, subject to its minimum subscription for shares in CIG being an amount calculated in accordance with an agreed formula and its maximum subscription being $30 million.

The Company intends to maintain a significant shareholding in CIG into the future.

Note, the Offer is not conditional on the CIG Offer proceeding or shares in CIG being issued to applicants under the CIG Offer. If for any reason the CIG Offer does not proceed or does not complete and the funds raised under this Offer are not required for the above purpose, the Company intends to use the proceeds of the Offer for general corporate purposes, including to invest in securities (which will form part of the Company's Investment Portfolio) and in other appropriate investment opportunities.

(b) Costs of the Offer

The total estimated expenses of the Offer (payable by the Company if the Offer is successfully completed), including legal fees, lodgement fees, listing fees, Registry expenses and administrative and miscellaneous expenses (excluding GST), will range from approximately $380,658 (assuming $15 million is raised under the Offer) and $582,855 (assuming $30 million is raised under the Offer) (excluding GST). The following table shows a breakdown of the estimated costs of the Offer (excluding GST):

Type of cost / expense	Amount raised: $15 million	Amount raised: $30 million
Joint Lead Managers	$192,188	$384,375
Legal	$110,000	$110,000
Administrative costs	$78,470	$88,480
Total	**$380,658**	**$582,855**

(c) Effect of the Offer on the Capital Structure

The effect of the Offer on the capital structure of the Company is set out in the table below. For the purpose of the following table, it is assumed that:

- 300,000 Convertible Notes (to raise $30 million) are subscribed for under this Prospectus;
- all the Convertible Notes are converted into Shares;
- the Conversion Price remains fixed at $1.30 and that there is no accrued, but unpaid, interest that is converted into Shares;
- no Convertible Notes are repurchased and/or cancelled prior to the Maturity Date; and
- no other issues of Shares or securities convertible into Shares take place in the period prior to the Maturity Date (and, as a result, no adjustment in the Conversion Price is required or made under the Convertible Note Terms).

Description	Number
Existing Shares on issue	158,881,328
Convertible Notes to be issued under this Prospectus*	300,000
Shares to be issued if all Convertible Notes issued under this Prospectus are converted*	23,076,923
Total number of Shares (assuming all Convertible Notes are converted)	181,958,257

* Convertible Notes are able to be converted into Shares in accordance with the Convertible Note Terms at specific times up to the Maturity Date. The number of Shares issued on conversion is determined by

dividing the aggregate Face Value of the Convertible Notes to be converted by the Conversion Price (refer to the Convertible Note Terms in Section 7).

(d) Effect on the financial position of the Company

Historical and pro-forma financial information

(i) Basis of Preparation

The financial information in this section of the Prospectus has been prepared in accordance with the recognition and measurement principles prescribed in Australian Accounting Standards and other mandatory professional reporting requirements in Australia.

The financial information is presented in an abbreviated form and does not contain all of the disclosures required by Australian Accounting Standards in an annual financial report prepared in accordance with the Corporations Act.

The historical consolidated balance sheet as at 30 June 2014 has been extracted from the Company's audited financial report for the year ended 30 June 2014. The Company's annual financial report for 30 June 2014 was audited by Pitcher Partners in accordance with Australian Auditing Standards. The audit opinion issued to the Company in relation to the financial report was unqualified. A complete version of the Company's financial report as at 30 June 2014 is available from the Company's website - www.contango.com.au or from the ASX website, www.asx.com.au.

The pro forma consolidated balance sheets as at 30 September 2014 have been prepared by the Directors and assume completion of the transactions detailed in Section 3.2(d)(ii) below. The accounting policies used in preparation of the pro forma consolidated balance sheets are consistent with those set out in the Company's Annual Report for the year ended 30 June 2014.

(ii) Pro forma adjustments

The pro forma consolidated balance sheets adjust the historical consolidated balance sheet as at 30 September 2014 for the impact of the Offer as if the Offer was completed at 30 September 2014. The adjustments made to the pro forma balance sheets reflect two scenarios, being either:

- the Company achieves the minimum subscription only under the Offer – the issue of Convertible Notes to raise $15 million, with the expected costs incurred in respect of the Offer at the minimum subscription level being $380,658; or

- the Company achieves the expected maximum subscription under the Offer – the issue of Convertible Notes to raise $30 million, with the expected costs incurred in respect of the Offer at the that subscription level being of $582,855.

Costs associated with the Offer will be incurred on issuance of the Convertible Notes and will be amortised over their tenure.

(iii) Historical and Pro Forma Consolidated Balance Sheet

Set out following is a summary of the Company's historical consolidated balance sheet as at 30 June 2014 and 30 September 2014, together with pro forma adjustments and pro forma consolidated balance sheets as at 30 September 2014.

Statement of Consolidated Financial Position

	As at 30 Jun 2014 Audited Actual	As at 30 Sep 2014 Unaudited Actual	As at 30 Sep 2014 + $15m Notes	As at 30 Sep 2014 + $30m Notes
ASSETS	**$'000**	**$'000**	**$'000**	**$'000**
Cash and cash equivalents	6,023	4,222	19,057	33,892
Receivables	2,354	3,248	3,264	3,278
Investments at fair value	175,683	173,995	173,995	173,995
Property, plant & equipment	46	44	44	44
Goodwill	9,455	9,455	9,455	9,455
TOTAL ASSETS	**193,561**	**190,964**	**205,815**	**220,664**
LIABILITIES				
Payables	563	977	1,373	1,589
Convertible note debt	-	-	14,569	29,262
Provisions	650	653	653	653
Deferred tax liability	11,040	11,198	11,084	11,024
TOTAL LIABILITIES	**12,523**	**12,828**	**27,679**	**42,528**
NET ASSETS	**181,308**	**178,136**	**178,136**	**178,136**
EQUITY				
Contributed capital	189,821	191,200	191,200	191,200
Reserves	37,612	30,361	30,361	30,361
Accumulated losses	46,125	43,425	43,425	43,425
TOTAL EQUITY	**181,308**	**178,136**	**178,136**	**178,136**

(iv) Change since 30 June 2014

In accordance with the Company's accounting policies, the Investment Portfolio is re-valued to market value continuously. Investors should be aware that the market value of these investments has changed (from that reported at 30 June 2014) in the period to 30 September 2014 (disclosed above) as a result of market movements and transactions completed.

The net tangible asset backing per Share as at 31 October 2014 was $1.103 and as at 30 September 2014 was $1.121, compared to $1.138 at 30 June 2014. The net tangible asset backing per Share is announced to ASX monthly.

The Company's profit is derived predominantly from the change in market value of its investments and the dividends that it receives from those investments and will therefore vary from year to year.

(v) Compound financial instruments – Convertible Notes

Compound financial instruments issued by the Contango Group comprise Convertible Notes that are able to be converted to share capital at the option of the Holder, and the number of Shares to be issued will not vary with changes in their fair value.

The liability component of a compound financial instrument is initially recognised at the fair value of a comparable liability that does not have an equity conversion option. The equity component is initially recognised at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. All directly attributable transaction costs are allocated to the liability and equity component on a proportional basis.

After initial recognition, the liability compound financial instrument will be measured at amortised cost using the effective interest method. The equity component of a compound financial instrument is not remeasured after initial recognition.

For the Convertible Notes maturing in 2020 the fair value of the liability component has been estimated to be equal to the Face Value of the Convertible Notes and no equity component has therefore been recognised.

Interest, dividends, losses and gains relating to the financial liability are recognised in profit or loss. Distributions to the equity holders are recognised against equity, net of any tax benefit.

Summary Financial Information and Metrics

(vi) Assets, Liabilities and Equity

The Company had total assets of $190.96 million, total liabilities of $12.83 million and total equity of $178.13 million as at 30 September 2014. The market value of the Company's equity as at 30 September 2014 (the Company's market capitalisation) was $170.80 million. The Company's market capitalisation as at 24 November 2014 was approximately $170 million.

(vii) Loans and Debt

As at the date of this Prospectus, the Company has no debt obligations.

(viii) Gearing Ratio

The Gearing Ratio indicates the extent to which the assets of the Company are funded by debt. Generally, a higher ratio indicates a greater use of borrowings.

Under the terms of the Convertible Notes, the Company covenants, for the benefit of the Holders and for so long as any Convertible Notes remain on issue, that the Company's Gearing Ratio, determined by applying the following formula:

$$\text{Gearing Ratio} = \frac{\text{Consolidated Interest Bearing Liabilities}}{\text{Total Equity}}$$

will not exceed 25%.

As at 30 September 2014, the Company's Gearing Ratio was zero (it had no interest bearing liabilities at that date). Based on the pro forma balance sheet in this section of the Prospectus, and assuming $30 million is raised as a result of the Offer, the Company would have a Gearing Ratio of 16.9%.

(ix) Interest Cover

Interest cover gives an indication of a company's ability to meet its interest payments from earnings. It therefore provides important information about the company's financial sustainability and the risks associated with the company's level of borrowings. A low interest cover ratio may indicate that the company could face difficulties in servicing its debt if earnings decrease or interest rates increase.

While it is not intended the Company will be required to comply with a formal interest cover ratio, the Company undertakes to report in its half year and annual financial reports (for so long as any Convertible Notes remain on issue) its Interest Cover by reference to the following formula:

$$\text{Interest Cover} = \frac{\text{EBIT}}{\text{Net Interest Expense}}$$

Taking into account an issue of $30 million of Convertible Notes as if it had occurred at 1 July 2013, and otherwise based on its 30 June 2014 financial statements, the Company would have had an Interest Cover of 26 times. This calculation does not assume any additional return to the Company as a result of investing the proceeds of the Offer. This information is provided for illustrative purposes only and is not represented as being indicative of the future performance of the Company.

(x) Existing Debt Facilities

As of the date of this Prospectus, the Company has no debt facilities.

3.3 Contango Income Generator Limited (CIG)

As noted above, one of the primary purposes of the Offer is to fund the Company's subscription for shares in the CIG Offer and to generally assist in the establishment of CIG as a new listed investment company, which company will focus on investment in higher yielding stocks and the provision of regular franked dividend returns to its shareholders (including the Company).

CIG intends to acquire a diversified range of listed investments in Australia. CIG's investment focus will be on those entities within the S&P/ASX 300 Index, excluding the 30 largest securities by market capitalisation.

CIG's investment objectives are to provide its shareholders with:

- ownership of a diversified investment portfolio of approximately 30 to 40 securities predominantly comprising higher dividend yielding entities from within the S&P/ASX 300 Index, excluding the 30 largest securities by market capitalisation in the S&P/ASX 300 Index;
- attractive total returns on their investment (comprising both regular income and capital growth) which (in percentage terms) exceed the increase in the ASX All Ordinaries Accumulation Index over the medium term;
- capital preservation; and
- active capital management and a framework for CIG to operate within risk parameters considered appropriate by its directors.

CIG's investment strategy will be to construct a diversified portfolio of investments in Australian listed entities, using a disciplined investment process implemented by CAML, the investment manager of CIG and a wholly-owned subsidiary of the Company.

On 28 November 2014, CIG issued a prospectus for the CIG Offer under which CIG is making an offer of fully paid ordinary shares (and attaching 'loyalty options') to raise up to $60 million (with a minimum subscription of $20 million). A copy of the CIG prospectus is available at www.cigl.com.au.

Any person considering applying for shares and options in CIG should consider the CIG prospectus in deciding whether to acquire shares and options in CIG. Any person who wants to acquire shares and options in CIG will need to complete the application form that accompanies the CIG prospectus.

4. Key risks

4.1 Key risks

By investing in the Convertible Notes you will be lending money to the Company and, therefore, you will be exposed to a number of risks which can be broadly classified as risks associated with the Convertible Notes and risks associated with the Company's business which may affect the Convertible Notes.

This Section describes the potential risks associated with the Company's business and the risks associated with an investment in the Convertible Notes and the Company. It does not purport to list every risk that may be associated with an investment in the Convertible Notes now or in the future. Some of the risks can be mitigated by appropriate commercial action, but many of the risks (and the occurrence or consequences of those risks) described in this Section of the Prospectus are partially or completely outside the control of the Company, its Directors and the Investment Manager.

The selection of risks has been based on an assessment of a combination of the probability of the risk occurring and the impact of the risk if it did occur. This assessment is based on the knowledge of the Directors as at the date of this Prospectus but there is no guarantee or assurance that the importance of different risks will not change or other risks will not emerge.

Neither the Company nor any of its Directors or any other party associated with the preparation of this Prospectus guarantees that any specific objectives of the Company will be achieved or that any particular performance of the Company or of the Convertible Notes offered by this Prospectus will be achieved.

In particular, there can be no guarantee that the investment performance of the Company's Investment Portfolio will meet market expectations, or that any forward looking statements contained in this Prospectus will be realised or will otherwise eventuate. **Investors should note that past performance is frequently not a reliable indicator of future performance.**

Before applying for Convertible Notes, you must satisfy yourself that you have a sufficient understanding of the risks noted in this Section and have fully considered whether the Convertible Notes are a suitable investment for you, having regard to your own investment objectives, financial circumstances and taxation position. Potential investors should read this Prospectus in full and, if appropriate, seek professional advice if they require further information and advice before deciding to subscribe for Convertible Notes.

General risks

General risk factors outside the control of the Company which may have a significant impact on the future performance of the Company include but are not limited to the following:

- economic conditions in Australia and internationally (which may negatively impact capital markets);
- many developed economies face major structural issues, particularly those countries with high sovereign debt levels;
- market volatility, especially given the present uncertainties in international trade, financial and political conditions;
- changes in the earnings of companies in Australia (whether as a result of general weakness in economic conditions or otherwise);
- a slowdown in emerging markets, including China, which may impact economic growth in Australia;
- changes in investor sentiment and perceptions in local and international stock markets;
- changes in interest, exchange and inflation rates;
- changes in domestic or international fiscal, monetary, regulatory and other government policies, including changes to the taxation of company income and gains and the dividend imputation system in Australia, changes in other general world, economic and political factors – for example, an increase (or perceived increase) in the threat of Ebola – may also adversely affect the Company, its future earnings and capital appreciation of the Company's investments; and

- geo-political conditions such as acts or threats of terrorism, military conflicts or international hostilities.

In addition, investors should be aware that there are risks associated with any investment in equity securities. Prospective investors should recognise that the trading price of the Convertible Notes and the Shares may fall as well as rise with movements in the equity capital markets in Australia and internationally.

It should be noted that there is no guarantee that the Convertible Notes will trade at or above their Face Value or that the Shares will trade at or above the Conversion Price. It should also be noted that the historic share price performance of the Shares provides no guidance as to the future market price of the Shares or the likely trading price of the Convertible Notes.

As a listed investment company, the market value of existing Shares may be adversely impacted by the volume of Shares being bought or sold at any point in time. Where there are relatively fewer buyers, the price at which an investor may be able to sell its Convertible Notes or Shares may be adversely impacted.

Specific Company risks

Key risks relating to the Company are set out below. It is not, however, possible to describe all the risks to which the Company may become subject and which may impact adversely on the Company's prospects and performance. Specific risk factors which may have a significant impact on the future performance of the Company include the following:

- the success of the investment strategies of the Company;
- the performance of the specific companies in which the Company invests;
- the level of dividend payments made by the companies in which the Company invests;
- the market prices of the securities in which the Company invests;
- the market liquidity of the securities in which the Company invests;
- the size of the investment portfolio and the ability of the Company (via the Investment Manager) to diversify risk;
- the size of the Investment Portfolio;
- impairment of the Company's reputation arising from factors which could include poor performance, failure to meet regulatory obligations, involvement in public controversy in companies in which it invests or other high profile issues, shareholder malcontent, inappropriate executive remuneration or contagion from reputational concerns of other LICs;
- the level of borrowing which the Contango Group undertakes (also known as gearing);
- changes in the requirements of Australian tax law in relation to LICs;
- the ability of the Investment Manager to successfully and profitably manage the Investment Portfolio and, in particular, its ability to select stocks and invest in well-managed companies which increase in value over time; and
- the ability of the Investment Manager to continue to manage the Company's Investment Portfolio – for example, the Investment Manager is dependent on the maintenance of its AFSL, its continued solvency and the retention of its investment team. While every effort will be made to ensure this occurs, there can be no guarantee that this will be the case.

Risks associated with investing in Convertible Notes

Interest payments

The Company expects to make interest payments using available cash balances and cash flow from its investments. The Company's ability to generate cash flows from its operations will depend substantially on the performance of its investments in ASX listed companies. The interest payments on the Convertible Notes are not guaranteed by the Company, the Trustee or any other entity.

Interest rate risk

Interest on the Convertible Notes is fixed at 5.5% per annum (payable semi-annually in arrears). No adjustment will be made to the rate of interest paid to Holders as other market based interest rates rise or fall.

The market price of the Convertible Notes on ASX may fluctuate due to changes in interest rates generally, credit spreads on other corporate securities or investor sentiment towards the Company.

Inflation rate risk

An increase in the inflation rate may erode in real terms the value of the capital invested in the Convertible Notes. It may also negatively impact the profitability of companies in which the Company invests and the market value of the shares of those companies.

Financial market conditions

The market price of the Convertible Notes will fluctuate due to various factors, including worldwide economic conditions, interest rates, credit spreads on other corporate securities, general movements in the Australian and international equity markets, movements in the market price of Shares, factors which may affect the Company's financial position and earnings and investor sentiment.

The market price of Convertible Notes may be more sensitive than that of the Shares to changes in interest rates and, therefore, the Convertible Notes could trade on ASX at a price below the Issue Price.

The Shares issued as a result of conversion of any Convertible Notes will, following conversion, rank equally with the existing Shares. Accordingly, their value after issue will depend upon the market price of the Shares (which price, compared to the Conversion Price, may rise or fall).

Market price of Shares

The market price of the Shares may be volatile. The volatility of the market price of the Shares may cause volatility in the price of the Convertible Notes and affect the ability of Holders of Convertible Notes to sell their Convertible Notes either at all or at an acceptable price. Additionally, this may result in greater volatility in the market price of the Convertible Notes than would be expected for non-convertible debt securities.

Liquidity

While the Company will seek quotation of the Convertible Notes on ASX in order to facilitate on market trading of the Convertible Notes, the market for Convertible Notes is likely to be less liquid than the market for Shares and, as such, there can be no assurance that Holders will be able to buy or sell Convertible Notes on ASX.

Redemption risk

The Company expects to be able to redeem the Convertible Notes using the proceeds from future debt or equity raisings, cash flows from operations (if available) or proceeds from the sale of investments. There is a risk that the Company may be unable to procure or raise sufficient cash resources from future debt or equity raisings or the sale of investments and may, in that case, have insufficient cash to redeem the Convertible Notes at the Maturity Date (or any earlier date as otherwise required under the Convertible Note Terms).

Neither the Company or the Trustee nor any other entity has guaranteed the redemption of the Convertible Notes.

Early Redemption

Convertible Notes may be redeemed early by the Company in certain circumstances. The amount payable on redemption may be less than the previously prevailing market value of Convertible Notes. Additionally, in the event of an early redemption of Convertible Notes, you may not receive the returns you expected to achieve on your Convertible Notes (if the Convertible Notes had been held until maturity).

Ranking

Despite the negative pledge detailed in clause 7 of the Convertible Note Terms, if the Company is wound-up, Holders will rank behind secured creditors of the Company and equally with other unsecured and

unsubordinated creditors of the Company (other than those mandatorily preferred at law) and ahead of Shareholders.

If there is a shortfall of funds on winding-up, there is a risk that Holders will not receive a full (or any) repayment of their money invested in the Convertible Notes or payment of unpaid interest.

Conversion

The Shares held by Holders following conversion of their Convertible Notes will have the same rights as other existing Shares, which are different from the rights attached to the Convertible Notes.

The market price of the Shares may fluctuate over time as a result of a number of factors.

Future payment of dividends

The amount of future dividends actually paid will be determined by the Board having regard to its operating results, financial position and available franking credits. A change in dividend policy or dividend levels may impact the market value of the Convertible Notes (and the Shares).

Dividends on Shares

Directors may only declare or determine a dividend if there are funds legally available to pay dividends. Holders of Convertible Notes will not be entitled to participate in any dividends on the Shares and a Holder whose Convertible Notes are converted into Shares after the record date for a dividend will have no entitlement to that dividend.

Further issues of securities

The Company may issue further securities with the same or different terms as the Convertible Notes. The Company may issue other securities, including further unsecured convertible notes that rank for interest, redemption or payment in a winding-up of the Company equally with or behind the Convertible Notes, without the approval of Holders.

Dilution

The Company may undertake additional offerings of securities in the future. The increase in the number of issued Shares or securities convertible into Shares and the potential for the sale of such securities may depress the price of Shares already on issue and of the Convertible Notes. In addition, as a result of the issue of Shares, the voting power and proportionate economic interest of the Company's existing Shareholders (and, indirectly, of holders of Convertible Notes) will be diluted. While the Convertible Note Terms provide for an adjustment to the Conversion Price and, in one limited circumstance, adjustment to the number of Shares issued on Conversion, these provisions may not adequately protect the Holders in the event the Company does undertake additional offerings of securities in the future.

Change in the Australian tax system

Prospective investors should be aware that any future changes in Australian tax law, including changes in interpretation or application of the law by the courts or taxation authorities in Australia, may affect the taxation treatment of the acquisition, holding and disposal of Convertible Notes and the market price of the Convertible Notes.

Enforcement risk

The Convertible Note Terms provide that rights under the Convertible Notes and the Convertible Note Trust Deed may generally only be enforced by the Trustee and not by the Holders directly. Holders must therefore notify their claims to the Trustee and rely on enforcement by the Trustee, except in certain circumstances where the Trustee has failed to take action after being directed by the Holders to do so. Holders may, by ordinary or special resolution, waive breaches or amend the Convertible Note Trust Deed. A large Holder may influence the outcome of any such vote.

Investors should carefully read the above risk factors and the other information in the Prospectus concerning the Offer and, if they are unsure in any regard to any aspect of the Offer or the Convertible Notes, consult their professional advisers before deciding whether to subscribe for Convertible Notes.

5. Australian taxation implications

5.1 Australian taxation implications

This section contains a general description of the Australian tax consequences of acquiring, holding and disposing of the Convertible Notes.

The description applies only to Holders who are individuals and who acquire, hold and dispose of the Convertible Notes as a capital investment. It does not apply to Holders which are companies, trusts or other types of entities and it does not apply to Holders who acquire, hold or dispose of Convertible Notes as part of the conduct of a business, or who otherwise hold Convertible Notes on revenue account or as trading stock or to Holders who are subject to the taxation of financial arrangements rules contained in Division 230 of the *Income Tax Assessment Act 1997* (Cth) in relation to gains and losses on their Convertible Notes.

The actual taxation consequences of acquiring, holding and disposing of Convertible Notes will vary depending on the particular circumstances of each Holder. Therefore, prospective Holders should obtain independent professional advice relating to their own specific circumstances and should not rely on the summary below.

This summary assumes that all relevant transactions are carried out in the manner described in this Prospectus and is based upon the law in effect at the date of this Prospectus. Prospective investors should note that taxation law and its interpretation is subject to change.

Convertible Notes as Debt Interests

As the Company will have an 'effectively non-contingent obligation' to repay the Face Value, plus any accrued but unpaid interest, on the Convertible Notes on the Maturity Date, the Convertible Notes should be 'debt interests' issued by the Company, despite the Holders having the right to convert their Convertible Notes into Shares in accordance with the Convertible Note Terms. Therefore, interest payable on the Convertible Notes should not be frankable distributions for tax purposes.

Australian Resident Individuals

Payments of Interest

Payments of interest in respect of the Convertible Notes must be included in the assessable income of Holders who are residents of Australia for Australian income tax purposes, generally in the year of income in which the payments are received.

Holders are not required to quote their tax file number to the Company in connection with their acquisition of the Convertible Notes, but the Company will be required to withhold and remit to the Australian Taxation Office a portion (being the highest individual marginal tax rate) of any interest payable on the Convertible Notes to a Holder who has not validly quoted their tax file number in connection with their acquisition of Convertible Notes (or provided evidence of an applicable exemption from withholding). Where withholding is required, the Holder would be entitled to claim from the Australian Taxation Office a credit for the amount which the Company withheld from that Holder and remitted to the Australian Taxation Office.

No additional amounts are payable to a Holder if withholding is required because that Holder did not validly quote a tax file number or provide evidence of an applicable exemption.

Sale or Redemption of Convertible Notes

The Convertible Notes held by Australian resident individuals should be subject to the rules applicable to traditional securities. Therefore, any gain made on the sale or redemption of the Convertible Notes (where the amount received on sale or redemption exceeds the cost of subscribing for or purchasing the Convertible Notes) would be included in the assessable income of the Australian resident Holder (usually in the year of income in which the Holder becomes entitled to receive the proceeds of sale or the redemption amount). In those circumstances, the gain would generally not be subject to the capital gains tax provisions and the Australian Capital Gains Tax (CGT) discount would not apply, even if the Convertible Notes were held for more than 12 months.

Similarly, any loss made by an Australian resident individual Holder from the sale or redemption of the Convertible Notes (where the amount received on sale or redemption is less than the cost of subscribing for or purchasing the Convertible Notes) would be an allowable deduction (usually in the year of income in which the Holder becomes entitled to receive the proceeds of sale or the redemption amount). Again, the capital gains tax provisions would generally not apply in relation to the loss incurred in those circumstances.

Conversion to Shares

A Holder of an Convertible Note may request conversion of the Convertible Note into Shares. A conversion will entail the redemption of the Convertible Notes for the Redemption Amount and an application of that amount in subscribing for a prescribed number of Shares in the Company. The conversion would generally be ignored for the purposes of both the traditional security rules described above and the CGT rules, such that there will be no taxing point at the time of conversion under those rules. Instead, the Shares acquired pursuant to the conversion will be treated as having a cost base that is, in broad terms, equal to the cost base of the Convertible Notes at the time of conversion plus any amount paid on conversion (where applicable).

Any gain or loss on the ultimate disposal of the Shares will be subject to the CGT provisions and it will not be necessary, or possible, to treat the pre-conversion period as on revenue account.

A Holder will be taken to have acquired the Shares pursuant to a conversion at the time of the conversion. This will be relevant in ascertaining whether a Holder is entitled to a CGT discount if the Holder makes a capital gain on the ultimate disposal of the Shares because CGT assets must be held for 12 months or more prior to disposal in order for any capital gain on the disposal to be subject to the CGT discount. Holders should seek their own advice regarding their entitlement to the CGT discount upon an ultimate disposal of any Shares acquired pursuant to a conversion.

Non-Australian Residents

Australian Tax Treatment of Interest

If a Holder of Convertible Notes is not a resident of Australia for Australian tax purposes, interest payable to that Holder would generally not be subject to Australian income or withholding tax, provided that the non-resident Holder does not hold the Convertible Notes in connection with the conduct of any business in Australia and also provided that the Company issues the Convertible Notes in a manner which satisfies the public offer test and other requirements for exemption from non-resident interest withholding tax, which it is the Company's intention to do.

Sale or Redemption of Convertible Notes

A non-resident Holder of Convertible Notes would generally not be subject to Australian tax on a gain (or loss) from the sale or redemption of Convertible Notes under the traditional security provisions, provided that any gain made from that sale or redemption was not from sources in Australia. Although the application of the source rules depends heavily on the particular facts and circumstances of each case, and can be uncertain, gains from the sale or redemption of Convertible Notes by a non-resident Holder should generally not be taken to be from Australian sources if the non-resident Holder acquired, held and disposed of the Convertible Notes outside Australia. It is important to note that a non-resident Holder may however be subject to tax on the disposal of the Convertible Notes in their own tax jurisdiction and accordingly should seek their own taxation advice in relation to this issue.

Even if a gain from the sale or redemption of the Convertible Notes by a non-resident Holder is treated as being derived from sources in Australia, that gain may be exempt from Australian tax under the provisions of an applicable Double Tax Treaty between Australia and the country of residence of the Holder. Non-resident Holders should seek their own taxation advice in relation to this issue.

In addition, where a non-resident Holder holds their Convertible Notes in connection with carrying on a business though a permanent establishment in Australia, or where the non-resident Holder holds Convertible Notes which are considered to have an indirect interest in Taxable Australian Property, the disposal of the Convertible Notes may also be a taxable CGT event. Non-resident Holders should seek their own taxation advice in relation to this issue.

Conversion to Shares

As described above in relation to Australian resident Holders, the conversion of an Convertible Note would generally be ignored for the purposes of both the traditional security rules and the CGT rules, such that there will be no taxing point at the time of conversion under those rules. Instead, the Shares acquired pursuant to the conversion will be treated as having a cost base that is, in broad terms, equal to the cost base of the Convertible Notes at the time of conversion plus any amount paid on conversion (where applicable) with a Holder being taken to have acquired the Shares at the time of the conversion.

Any gain or loss by a non-resident Holder on the ultimate disposal of the Shares should only be subject to the Australian CGT provisions if the non-resident's shareholding is held by the non-resident in connection with carrying on a business through a permanent establishment in Australia or if the non-resident's shareholding is considered an indirect interest in Taxable Australian Property. Otherwise, the CGT rules should not apply to tax any gain by a non-resident Holder on the ultimate disposal of their Shares. Non-resident Holders should seek their own taxation advice as to whether their Shares may be subject to the operation of the Australian CGT provisions.

Non-Australian taxes

Holders who are not residents of Australia may be subject to other tax consequences in their own country of residence.

Other Taxes

Holders of Convertible Notes will generally not be subject to any Australian Goods and Services Tax or stamp duties in any Australian State or Territory in respect of their acquisition, holding, sale, redemption or conversion of Convertible Notes or the receipt of interest payable on Convertible Notes.

6. Additional information

6.1 Financial Year

The Financial Year of the Company ends on 30 June.

6.2 Authorised Intermediary

The Company does not hold an AFSL. Accordingly, the Company will only issue Convertible Notes pursuant to this Prospectus under an arrangement entered into with Evans and Partners (as the authorised intermediary pursuant to section 911A(2)(b) of the Corporations Act). Further details of these arrangements with Evans and Partners are set out in Section 6.5(c).

6.3 Additional available information – continuous disclosure obligations

This Prospectus is issued by the Company in accordance with the provisions of the Corporations Act applicable to a prospectus for continuously quoted securities. It is a transaction specific prospectus for an offer of Convertible Notes which are convertible into continuously quoted securities (as defined in the Corporations Act) and has been prepared in accordance with ASIC Class Order 00/195.

This Prospectus does not contain the same level of disclosure as an initial public offering prospectus or a prospectus prepared in accordance with section 710 of the Corporations Act.

As a disclosing entity, the Company is subject to regular reporting and disclosure obligations. As a listed company, the Company is subject to the ASX Listing Rules which require, subject to certain exceptions, immediate disclosure to the market of any information of which the Company is aware which a reasonable person might expect to have a material impact on the price or value of the Shares.

Section 713 of the Corporations Act (as modified by ASIC Class Order [CO 00/195]) enables a company to issue a transaction specific prospectus where the securities offered are continuously quoted securities (within the meaning of that term in the Corporations Act) or securities convertible into continuously quoted securities. This generally means that the relevant securities are in a class of securities that were quoted enhanced disclosure securities at all times during the 3 months before the date of the prospectus and that, during the 12 months before the date of the prospectus, the issuing company was not exempted from the continuous disclosure regime and disclosing entity requirements provided for under the Corporations Act and the ASX Listing Rules.

In summary, the content rules for prospectuses involving the issue of continuously quoted securities require such prospectuses to contain information only in relation to the effect of the offer on the company, and details of the rights and liabilities attaching to the continuously quoted securities and, if convertible securities are offered, the rights and liabilities attaching to those securities. It is not necessary to include general information in relation to all of the assets and liabilities, financial position, profits and losses or prospects of the issuing company. Accordingly, this Prospectus does not contain the same level of disclosure as a prospectus of an unlisted company or an initial public offering prospectus or a prospectus prepared in accordance with section 710 of the Corporations Act.

Having taken such precautions and having made such enquiries as are reasonable, the Company believes that it has complied fully with, and has not been exempted from, the general and specific requirements of ASX (as applicable from time to time throughout the 12 months before the date of this Prospectus) which required the Company to notify ASX of information about specified events or matters as they arise for the purpose of ASX making that information available to the stock market conducted by ASX. For the purposes of satisfying section 713(5) of the Corporations Act, a prospectus must also incorporate such information if such information:

- has been excluded from a continuous disclosure notice in accordance with the ASX Listing Rules; and
- is information that investors and their professional advisors would reasonably require for the purpose of making an informed assessment of:
    - the assets and liabilities, financial position and performance, profits and losses and prospects of the body; and
    - the rights and liabilities attaching to the securities being offered.

The prospectus must contain this information only to the extent to which it is reasonable for investors and their professional advisors to expect to find such information in the prospectus.

The Company is not aware of any matters that need to be disclosed under this section of the Corporations Act that have not been previously disclosed by the Company or which have not been set out in this Prospectus. The Company will make further announcements in respect of any such matters in accordance with its disclosure obligations as and when material developments occur.

Company announcements

Investors may view a record of the Company's ASX announcements at the Company's website – www.contango.com.au or via the ASX website, www.asx.com.au. ASIC also maintains records in respect of documents lodged with it by the Company, and these may be obtained from or inspected at the office of ASIC. This Prospectus is intended to be read in conjunction with all information previously publicly disclosed by the Company.

The Company will provide free of charge to any person who requests it during the application period under this Prospectus:

- the Company's financial statements for the financial year ended 30 June 2014 lodged with ASIC on 29 August 2014; and
- any continuous disclosure notices given by the Company since the lodgement of the Company's annual financial report referred to above and before the lodgement of this Prospectus.

The following announcements (continuous disclosure notices) have been made by the Company to ASX since the lodgement of its annual report for the year ended 30 June 2014 with ASIC (and ASX) on 29 August 2014:

Date	Headline
6 November 2014	Shareholder Presentation (Annual General Meeting (**AGM**))
6 November 2014	Results of AGM
6 November 2014	Chairman's Address to Shareholders at AGM
3 November 2014	Becoming a substantial holder for AFJ
3 November 2014	Net Tangible Asset Backing
6 October 2014	Quarterly Investment Update
6 October 2014	Sample Proxy Form for AGM
6 October 2014	Notice of Annual General Meeting
6 October 2014	Annual Report to shareholders
6 October 2014	Letter to Shareholders
1 October 2014	Top 20 shareholders and shareholder spread
1 October 2014	Appendix 3B - Dividend Reinvestment Shares
1 October 2014	Net Tangible Asset Backing
25 September 2014	Change in substantial holding for AYA
25 September 2014	Becoming a substantial holder
24 September 2014	Change of Director's Interest Notice
18September 2014	Investment Update
5 September 2014	Change in substantial holding for VLW
2 September 2014	Net Tangible Asset Backing

6.4 Rights attaching to Convertible Notes and the Shares

Convertible Notes

The rights attaching to the Convertible Notes are set out in Schedule 1 of the Trust Deed. The Convertible Note Terms (including the rights of the Company, the Trustee and the Holders to vary, alter, amend or otherwise change the Convertible Note Terms) are set out in detail in Section 7.

Shares

The shares issued on conversion of the Convertible Notes will be ordinary shares (**Shares**) and will rank equally with all existing Shares. The rights attaching to the Shares are set out in the Constitution which is available free of charge from the Company (a copy is also accessible on the Company's website – www.contango.com.au).

The following is a broad summary of the rights which attach to the Shares. It is not intended to be an exhaustive or definitive summary of the rights attaching to the Shares.

Voting rights

Subject to restrictions on voting from time to time affecting any particular Shareholder or any class of shares and subject to any contrary provisions of the Constitution, at a meeting of Shareholders, each Shareholder entitled to vote may vote in person or by proxy or attorney or, being a corporation, by a duly authorised representative, and has one vote on a show of hands and one vote per Share on a poll.

Dividends

The Directors may from time to time determine or declare that a dividend is payable. The Directors may fix the amount, the time for payment and the method of payment of a dividend. The method of payment may include the payment of cash, the issue of shares, the grant of options and the transfer of assets, including shares or other securities in another body corporate (or any combination of them). No dividend bears interest against the Company. Subject to any special rights or restrictions attached to shares, every dividend on a share in the Company is to be paid, unless otherwise determined by the Directors:

(i) if the share to which a particular dividend relates is fully paid and was fully paid during the whole period in respect of which the dividend is to be paid, that dividend is equal to the dividend paid on each other share which was fully paid during the whole period in respect of which the dividend is to be fully paid; and

(ii) if the share to which a particular dividend relates is partly paid, or is fully paid but was not fully paid during the whole of the period in respect of which the dividend is to be paid, that dividend is apportioned, and paid proportionately to the amounts paid (not credited) on the share in respect of which the dividend is to be paid with respect to the issue price of the share (excluding amounts credited) during any part or parts of the period in respect of which the dividend is to be paid.

Transfer

Subject to the Constitution, the Corporations Act, the ASX Listing Rules and ASX Settlement Operating Rules, Shares are freely transferable. Subject to the ASX Listing Rules and the Corporations Act, the Directors may refuse to register a transfer or apply a holding lock to prevent a transfer of Shares only in limited circumstances (for example, where the Company has a lien on those shares).

Winding-up

If the Company is wound up, whether voluntarily or otherwise, the liquidator may divide among all or any of the contributories as the liquidator thinks fit in kind any part of the assets of the Company, and may vest any part of the assets of the Company in trustees on any trusts for the benefit of all or any of the contributories as the liquidator thinks fit. Any division may be otherwise than in accordance with the legal rights of the contributories and, in particular, any class may be given preferential or special rights or may be excluded altogether or in part, but if any division otherwise than in accordance with the legal rights of the contributories is determined, any contributory who would be prejudiced by the division has a right to dissent and ancillary rights as if the determination were a special resolution passed under the Corporations Act relating to the sale or transfer of the Company's assets by a liquidator in a voluntary winding-up.

Variation of rights

The rights, privileges and restrictions attaching to the Shares can only be varied by a special resolution passed at a meeting of Shareholders by those Shareholders present at the meeting or by proxy who hold at least 75 per cent of the votes attaching to Shares.

6.5 Material Agreements

(a) Convertible Note Trust Deed

The Convertible Note Trust Deed governs the terms and conditions on which the Convertible Notes are to be issued and is subject to the Corporations Act and ASX Listing Rules. Schedule 1 to the Convertible Note Trust Deed contains the terms of issue of the Convertible Notes (**Convertible Note Terms**). The Convertible Note Terms are set out in Section 7 of this Prospectus.

The following is a summary of the material provisions of the Convertible Note Trust Deed. To obtain a complete understanding of the Convertible Note Trust Deed, it is necessary to read it in full. A complete

copy of the Convertible Note Trust Deed will be available for inspection without charge during normal office hours at the registered office of the Company at Level 27, 35 Collins Street, Melbourne Victoria 3000 on and from the date of this Prospectus until the close of the Offer.

The Convertible Note Trust Deed will also be released to ASX and will be available from its website (www.asx.com.au).

Legal Nature of the Convertible Notes

The Convertible Note Trust Deed provides that the Convertible Notes:

- are subject to the terms of the Trust Deed;
- constitute separate and independent acknowledgements of the indebtedness of the Company;
- rank equally between themselves;
- are redeemable, unsecured and unsubordinated obligations of the Company
- are redeemable, unsecured convertible notes in the Company; and
- do not carry a right to vote at any general meeting or to dividends paid by the Company.

The Company's obligations in relation to the Convertible Notes, as constituted by and specified in the Convertible Note Trust Deed, are to the Trustee and to those persons who are registered as Holders. The Company may elect to issue certificates to Holders.

Company's undertakings

Under the Convertible Note Trust Deed, the Company undertakes to the Trustee and each Holder that it shall among other things:

- comply with the terms of the Convertible Note Trust Deed, including the Convertible Note Terms;
- comply with its reporting and other obligations to the Trustee, ASIC, ASX and to the Holders under the Corporations Act and ASX Listing Rules;
- carry on and conduct its business in a proper and efficient manner (and procure that each of its subsidiaries does likewise);
- notify the Trustee after it becomes aware that any material condition of the Convertible Note Trust Deed cannot be fulfilled or after it becomes aware of any Material Adverse Effect or the occurrence of an Event of Default (as those terms are defined in the Convertible Note Trust Deed);
- pay to the Trustee (on behalf of the Holders) all moneys owing from time to time as and when due in accordance with the Convertible Note Terms or as otherwise required under the Convertible Note Trust Deed;
- provide without charge, to the Trustee and to each Holder who requests it in accordance with section 318(2) of the Corporations Act, a copy of the Company's consolidated audited accounts in respect of each financial year and a copy of the Company's annual report for that financial year, at the time required by the Corporations Act;
- whenever requested by the Trustee, give to the Trustee such information as the Trustee reasonably considers necessary for the purposes of the discharge of the duties, trusts and powers vested in the Trustee under the Convertible Note Trust Deed or imposed on it by law;
- promptly give the Trustee copies of all material documents and notices received by it from any Holder or which it gives to a Holder;
- use its best endeavours to ensure that the Convertible Notes are, on their issue, quoted on ASX and that such quotation is maintained; and
- comply in all material respects with all laws binding on it with respect to the Convertible Notes.

Trustee's undertakings

Under the Convertible Note Trust Deed, the Trustee makes certain undertakings including that it will:

- act as Trustee of the Convertible Note Trust (until the earlier of the termination of the Convertible Note Trust and the date the Trustee has retired or been removed from office in the manner provided under the Convertible Note Trust Deed or if applicable, the Corporations Act);
- act honestly and in good faith and comply with all applicable laws in performing its duties and the exercise of its discretions under the Convertible Note Trust Deed; and
- act in accordance with the Convertible Note Trust Deed, having regard to the rights of the Holders as a whole and without regard to any interests arising from taxation or other circumstances of particular Holders; and
- keep proper accounting records and, to the extent it holds Trust assets, keep those assets separate from all other assets of the Trustee.

Powers of the Trustee

In addition to those powers arising under law, the Trustee has certain powers and discretions as set out in the Convertible Note Trust Deed, including the power:

- to waive any breach by the Company of its obligations under the Convertible Note Trust Deed, including any Event of Default, on the instructions of Holders by special resolution;
- to waive minor breaches of a formal, technical or administrative nature;
- to delegate its functions; and
- to amend the Convertible Note Trust Deed in certain circumstances (by agreement with the Company).

The Trustee may hold Convertible Notes and may enter into transactions with the Company or any Related Body Corporate of the Company.

Limited liability and indemnity of Trustee

The liability of the Trustee is limited in the manner set out in the Convertible Note Trust Deed.

The Trustee will have no liability for any loss under or in connection with the Convertible Note Trust Deed or the Convertible Note Terms (whether to any Holders, creditors or any other person) other than to the extent to which the liability is able to be satisfied out of any part of the Trust assets and income to which the Trustee is entitled to, and is in fact, indemnified for the liability, except to the extent that the liability of the Trustee is not satisfied because the Trustee is not entitled to indemnification as a result of its fraud, gross negligence, breach of trust or breach of section 283DA of the Corporations Act.

Without limiting the above, the Trustee will not be liable for loss caused by (among other things):

- the Trustee's acts, mistakes or omissions, including reliance on the Register or the opinion, advice or information of an adviser of the Trustee (assuming there is no fraud, gross negligence, breach of trust);
- any act, omission, neglect or default of the Company; or
- any loss or damage occurring as a result of exercising or failing to exercise or purporting to exercise any right or power under the Convertible Note Trust Deed.

The Trustee will be indemnified against and for all fees, actions, losses, costs, charges, expenses, taxes and liabilities (including solicitor and client and party and party costs) (**Costs**) incurred and payments made in or about the execution, administration or enforcement of the Convertible Note Trust Deed, among other things, except to the extent that the Cost arises out of the Trustee's fraud, gross negligence, breach of trust or breach of section 283DA of the Corporations Act or it relates to any taxes (excluding GST) imposed on the Trustee's remuneration for its services as trustee.

(b) Offer Management Agreement

The Company, the Investment Manager and the Joint Lead Managers entered into an offer management agreement on 28 November 2014 (**Offer Management Agreement**). Under the Offer Management Agreement, the Company appointed:

- BBY Limited and Evans and Partners as the Joint Lead Managers to the Offer; and

- Evans and Partners as the Authorised Intermediary (further details regarding the appointment of the Authorised Intermediary under the Offer Management Agreement are set out in Section 6.5(c)).

The Joint Lead Managers have agreed under the Offer Management Agreement to arrange and lead manage, and act as bookrunners for the Offer.

Fees and expenses

Subject to the Minimum Subscription of $15 million being achieved, the Company must pay the Joint Lead Managers (in equal proportions) a management fee of 1.25% (exclusive of GST) of the total gross amount raised under the Offer.

The Company will also:

- pay or reimburse the Joint Lead Managers in connection with the Offer Management Agreement, this Prospectus and the Offer, including reasonable legal fees of the Joint Lead Managers (up to a maximum of $20,000) and marketing, travel, postage printing and accommodation expenses and other costs, fees, commissions, disbursements, charges, taxes or duties; and
- pay all costs and expenses payable in relation to completion of the Offer, including any fees or charges payable by the Joint Lead Managers to the ASX or ASX Settlement,

as soon as reasonably practicable and in any case within 5 days after a request for payment or reimbursement by the Company is made by the Joint Lead Managers or on termination of the Offer or the Offer Management Agreement.

Each Joint Lead Manager is solely responsible for paying any fees (if any) payable to co-managers or brokers appointed by it in relation to the Offer. Where more than one Joint Lead Manager appoints a co-manager or broker, those Joint Lead Managers must pay any fees payable to the co-managers or brokers appointed in such proportions as those Joint Lead Managers may agree or failing agreement, equally. The Company is not responsible in any way or in any circumstances for the payment of any fees payable to any co-managers or brokers appointed by one or more of the Joint Lead Managers in relation to the Offer.

Representations, Undertakings and Other Terms

Customary and usual representations and warranties are given by the parties in relation to matters such as the power to enter into the Offer Management Agreement, corporate authority and approvals and the Company's compliance with the Corporations Act and ASX Listing Rules in relation to making the Offer. The Company gives a number of further representations and warranties, including that the Prospectus will not contain any untrue, inaccurate, misleading or deceptive statements and will not omit information necessary in order to make the statements therein not misleading.

Except as disclosed in the Prospectus, the Company must not:

- without the prior written consent of the Joint Lead Managers at any time after the date of the Offer Management Agreement and before the expiration of 120 days after the 'Settlement Date' (as defined in the Offer Management Agreement) issue or agree to issue or indicate in any way that it may or will issue or agree to issue any Convertible Notes, Shares, Options or other interests or securities in the Company, other than pursuant to the Offer, the Offer Management Agreement or as a result of the exercise of Options currently on issue; or
- in any way reduce, reorganise, or otherwise alter the Company's capital structure or agree or announce an intention to do any of those things, without the prior written consent of the Joint Lead Managers at any time after the date of the Offer Management Agreement and before the expiration of 120 days after the Convertible Notes are issued pursuant to the Offer, provided that this prohibition will not apply if the alteration of the Company's capital structure arises from a takeover bid or merger proposal which has been approved by the Directors acting in accordance with their fiduciary duties.

Termination events

Each Joint Lead Manager may terminate the Offer Management Agreement prior to the issue of the Convertible Notes under the Offer, without cost or liability to that Joint Lead Manager, by giving a written notice of termination to the Company if any of the following occurs:

- the Convertible Notes have not been issued in accordance with the Prospectus on or before 31 January 2015;
- the ASX/S&P 200 Index closes at or below a level on two consecutive Business Days that is 90% or less than the level at the time the parties enter into the Offer Management Agreement;
- a material adverse change or effect, or any development involving a prospective material adverse change or effect in, or affecting:
    - the general affairs, business operations, assets, liabilities or financial position) of the Company or otherwise (taken as a whole); or
    - liability for the Joint Lead Managers under the Corporations Act or any other law or regulation;
- the Company changes the material terms of the Offer as set out in the Prospectus (or any supplementary prospectus) except with the prior written consent of the Joint Lead Managers;
- the Company withdraws the Prospectus, any supplementary prospectus or the Offer, or indicates that it intends to do any of those things;
- the Minimum Subscription (of $15 million) is not achieved by 5.00pm Melbourne time on the Closing Date;
- ASX makes an official statement to any person, or indicates to the Company or the Joint Lead Managers that:
    - quotation (as that expression is used in the ASX Listing Rules) on ASX of all of the Convertible Notes (**ASX Approval**), will not be given; or
    - ASX Approval will be given but that the Convertible Notes will not be quoted by ASX before 31 January 2015;
- ASX Approval (subject only to customary quotation conditions imposed by ASX) has not been given before the date defined in the Offer Management Agreement as the quotation approval date, or if ASX Approval is granted, such approval is subsequently withdrawn, qualified or withheld before the Allotment Date;
- the Company or a Related Body Corporate of the Company:
    - disposes, or agrees to dispose of the whole, or a substantial part, of its business or property other than as contemplated in the Prospectus; or
    - ceases or threatens to cease to carry on business, in either case without the prior consent of the Joint Lead Managers;
- any of the following occur:
    - there is a material omission from the Prospectus or any other document issued or published by the Company, or on behalf of the Company with its written consent, in respect of the Offer, and any marketing presentation used by the Company to conduct the marketing of the Offer (**Disclosure Document**), of information required by the Corporations Act or any other applicable law or requirement;
    - the Prospectus or any other Disclosure Document contains a misleading or deceptive statement;
    - a statement in the Prospectus or any other Disclosure Document becomes misleading or deceptive in any material respect;
    - a matter referred to in section 719 of the Corporations Act occurs in respect of the Prospectus; or
    - a Disclosure Document does not comply with, in any material respect, an applicable law;
- the Due Diligence Report (as defined in the Offer Management Agreement) or any other information supplied by or on behalf of the Company to the Joint Lead Managers in relation to Shares, the Securities, the Company, or the Offer, is untrue, incorrect, misleading or deceptive in a material respect;

- ASIC issues or threatens to issue proceedings in relation to the Offer or commences, or threatens to commence any inquiry or investigation in relation to the Offer or any subscription of shares in the Company;
- any of the following occur:
    - ASIC applies for an order under section 1324B of the Corporations Act in relation to the Prospectus and the application is not dismissed or withdrawn before the Closing Date;
    - any person (other than a Joint Lead Manager) gives a notice under section 730 of the Corporations Act in relation to the Prospectus;
    - ASIC gives notice of intention to hold a hearing in relation to the Prospectus, or makes an interim order, under section 739 of the Corporations Act;
    - any person (other than a Joint Lead Manager) gives a notice under section 733(3) of the Corporations Act;
    - any person (other than a Joint Lead Manager) who consented to the inclusion of a statement in, or to being named in, the Prospectus (or any supplementary prospectus) withdraws that consent; or
    - an application is made by ASIC for an order under Part 9.5 of the Corporations Act in relation to the Prospectus or ASIC commences any investigation or hearing under Part 3 of the *Australian Securities and Investments Commission Act 2001* (Cth) in relation to the Prospectus;
- the Joint Lead Managers reasonably form the view that a supplementary or replacement prospectus must be lodged with ASIC under section 719 of the Corporations Act and the Company does not lodge a supplementary or replacement prospectus in the form, with the content and within the time reasonably required by the Joint Lead Managers;
- the Authorised Intermediary terminates the Offer Management Agreement, and the Company is not able to appoint a duly qualified and authorised replacement entity to conduct the 'Activities' (as defined in the Offer Management Agreement) before that termination takes effect; or
- an 'Insolvency Event' (as defined in the Offer Management Agreement) occurs with respect to the Company or a Related Body Corporate of the Company.

Termination events subject to materiality

In addition, each Joint Lead Manager may terminate the Offer Management Agreement prior to the issue of the Convertible Notes under the Offer, without cost or liability to that Joint Lead Manager, by giving a written notice of termination to the Company if any of the following occurs and the Joint Lead Manager determines that the event has or would have a 'Material Adverse Effect' (as defined in the Offer Management Agreement):

- there is a material breach by the Company of the Offer Management Agreement;
- there is introduced, or there is a public announcement of a proposal to introduce into any legislature of Australia, a law or regulation, or a new government policy is adopted by a government in any of those jurisdictions or there is a public announcement of a proposal to adopt a new government policy by such a government (other than a law or government policy announced before the date the Offer Management Agreement was entered into between the parties) any of which does or is likely to prohibit the Offer, capital issues or the taxation treatment of the Convertible Notes or regulate or affect the Offer, capital issues or taxation treatment of the Convertible Notes in a material adverse fashion;
- any adverse change or disruption occurs in the existing financial markets, political or economic conditions of Australia, New Zealand, the United Kingdom, the United States of America and Hong Kong;
- any information supplied by or on behalf of the Company to the Joint Lead Managers (including information provided during the 'Due Diligence Investigations' (as defined in the Offer Management Agreement) and information which becomes available as a result of a new circumstance arising after the date of the Offer Management Agreement) in relation to the

Company or the Offer is or becomes false, misleading or deceptive, including by way of omission;

- a general moratorium on commercial banking activities in Australia, New Zealand, the United Kingdom, the United States of America and Hong Kong, is declared by the relevant central banking authority in any of those countries, or there is a material disruption in commercial banking or security settlement or clearance services in any of those countries;
- trading in all securities quoted or listed on ASX, the London Stock Exchange, the New York Stock Exchange and the Hong Kong Stock Exchange is suspended or limited in a material respect for at least one trading day;
- a material contract or an agreement referred to in the Prospectus is, without the prior written consent of the Joint Lead Managers:
  - breached by the Company or a Related Body Corporate of the Company; or
  - terminated (whether by breach or otherwise);
- the Company is in default of any of the material terms or conditions of the Offer Management Agreement or breaches any warranty, undertaking or covenant given or made by it under the Offer Management Agreement and that default or breach is either incapable of remedy or is not remedied within 5 business days after it occurs;
- other than as disclosed in the Prospectus, the Company or a Related Body Corporate of the Company (as defined in the Offer Management Agreement) charges or agrees to charge, the whole or a substantial part of its business or property;
- any of the following occur:
  - a Director or member of the executive team of the Company (as listed in the Prospectus) is charged with an indictable offence;
  - any governmental agency commences any public action against the Company or any of its Directors or senior managers in their capacity as a Director or senior manager of the Company;
  - any Director or senior manager of the Company is disqualified from managing a corporation under any law of any jurisdiction;
  - the Company or a Director or senior manager of the Company engages in any fraudulent conduct or activity;
- other than as contemplated in the Prospectus, a change in the Directors or senior management of the Company is announced or occurs without the written consent of the Joint Lead Managers;
- any representation or warranty contained in the Offer Management Agreement on the part of the Company is breached or becomes false, misleading or incorrect; or
- there is an outbreak of hostilities (whether or not war or a national emergency has been declared) not presently existing, or a major escalation in existing hostilities occurs, or a major act of terrorism occurs in or involving any one or more of Australia, New Zealand, the United Kingdom, the United States of America, or Hong Kong, or involving any diplomatic, military, commercial or political establishment of any of those countries elsewhere in the world.

Indemnity

Subject to certain exclusions relating to, among other things, fraud, recklessness, wilful misconduct or gross negligence, or a material breach of the Offer Management Agreement by the indemnified parties (to the extent not caused, induced or contributed to by the Company or its officers or employees or caused by a reliance on information in the Prospectus or information provided by or on behalf of the Company), the Company has agreed to indemnify the Joint Lead Managers and certain affiliated parties against certain liabilities and losses incurred or sustained directly or indirectly as a result of the appointment of the Joint Lead Managers pursuant to the Offer Management Agreement.

(c) Intermediary Authorisation - Deed of Appointment

The Offer Management Agreement also includes provisions governing Evans and Partners' role as the authorised intermediary under section 911A(2)(b) of the Corporations Act.

The Company has appointed and authorised Evans and Partners (as the representative of the Joint Lead Managers) to undertake all or any of the following activities (collectively, the **Activities**):

- make offers in accordance with the Prospectus to arrange for the issue of the Convertible Notes by the Company;
- arrange the issue of the Convertible Notes by the Company to Applicants who lodge 'Valid Applications' (as defined in the Offer Management Agreement);
- make offers (or invitations) to apply for the Convertible Notes; and
- accept applications for Convertible Notes.

This arrangement has been entered into on the basis that:

- Evans and Partners is the holder of an AFSL (Number 318075) under which it is authorised to provide certain financial services, including dealing in securities, arranging for a person to deal in securities and providing financial product advice in respect of securities, in each case to wholesale and retail clients;
- the Company has not obtained an AFSL and will rely on the statutory exemption (under section 911A(2)(b) of the Corporations Act) from the licensing requirement in respect of the Activities;
- Evans and Partners will ensure that the requirements of the Corporations Act are complied with so that the Company is entitled to rely on the exemption from licensing requirements under the Corporations Act in respect of the Activities; and
- Evans and Partners may perform the Activities through any of its authorised representatives who are able to provide financial services on its behalf in accordance with requirements of all applicable laws (including financial services laws), provided doing so will not result in the Company requiring an AFSL, or cause the Company to breach the Corporations Act.

The Company has agreed to pay a fee of $1 to Evans and Partners in respect of its agreement to act as the authorised intermediary.

(d) Subscription Agreement

The Company has entered into a subscription agreement with CIG under which, on satisfaction of certain conditions, the Company has agreed to make an application to subscribe for shares in CIG under the prospectus proposed to be lodged by CIG with ASIC on or around the date of this Prospectus (**CIG Offer Application**).

Conditions

The obligations of the Company to make a CIG Offer Application are conditional on:

- the Minimum Subscription ($15 million) being raised by the Company under the Offer;
- the Company issuing Convertible Notes pursuant to the Offer; and
- the aggregate sum of the amount raised by the Company under the Offer and the amount of valid applications received by CIG as at 11.00am (AEST) on the closing date of the CIG Offer being not less than $20 million.

These conditions may be waived by the Company, but not by CIG.

CIG Offer subscription notice

By no later than 12.00pm (AEST) on the closing date of the CIG Offer (or such other time on the closing date of the CIG Offer as agreed between the Company and CIG), CIG must give the Company a notice specifying:

- the amount of valid applications received by CIG as at 11.00am (AEST) on the closing date of the CIG Offer (**VA Amount**); and

- CIG's calculation of CTN's subscription commitment under the Subscription Agreement.

The Company's subscription commitment to the CIG Offer

Provided the conditions referred to above are satisfied, the Company's subscription commitment to the CIG Offer is for an amount that is:

- not less than the lowest of the following amounts:
  - $30 million;
  - the amount raised under this Offer; and
  - the amount raised under the CIG Offer (excluding subscriptions by the Company); and
- not more than the lower of:
  - $30 million; and
  - the amount raised under this Offer.

By way of example, if the amount of valid applications received under the CIG Offer (at 11.00am (AEST) on the closing date of the CIG Offer) is $25 million and the Company raises $17 million under this Offer, then the Company must make a CIG Offer Application for 17 million shares (for a total amount of $17 million in application moneys).

6.6 Remuneration of the Trustee

Equity Trustees Limited has agreed to act as Trustee in respect of the Convertible Notes. The Company must pay to the Trustee a fee as agreed from time to time between the parties in respect of the Trustee's services. In this regard, the parties have agreed to an establishment fee of $5,000 (excluding GST) and an annual fee of $25,000 (excluding GST), based on a maximum issue size of $30 million.

6.7 Directors' interests, benefits and related party transactions

Except as disclosed in the Prospectus:

- no Director or proposed Director has, or has had within two years of lodgement of this Prospectus with ASIC, any interest in:
  - the formation or promotion of the Company;
  - any property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Offer; or
  - the Offer; and
- no person has paid or agreed to pay any amount, and no one has given or agreed to give any benefit, to any Director or any proposed Director or to any firm in which any Director or proposed Director is or was a partner:
  - to induce that person to become, or to qualify as, a Director of the Company; or
  - for services rendered by that person or by the firm in which that person is or was a partner in connection with the formation or promotion of the Company or the Offer.

The following is a summary of the interests and benefits payable to the Directors and other persons connected with the Company or the Offer, and any significant related party transactions.

Subject to the provisions of the Constitution, the ASX Listing Rules and the Corporations Act, Directors and related parties can participate in the Offer and will have equal rights with any other Shareholder or investor.

Interests of Directors – existing security interests

As at the date of this Prospectus, the Directors' direct and indirect interests in Shares and Options of the Company are as follows:

Director	Shares	Options
Mr Mark Kerr	50,000	Nil
Mr David Stevens	2,469,255	Nil
Mr Ian Ferres	Nil	Nil

Director	Shares	Options
Mr Glenn Fowles	588,105	180,289

Interests of Directors - remuneration

Directors are entitled to receive directors' fees and other remuneration (which may include consulting fees) from the Company in relation to services provided to the Company.

The following table sets out the total amounts paid or payable (excluding GST) to current Directors as fees and executive service remuneration in the two year period prior to the lodgement of this Prospectus:

Director	12 months ended 30 June 2013	12 months ended 30 June 2014	1 July 2014 – 31 October 2014
Mr Mark Kerr	$96,200	$154,925	$38,817
Mr David Stevens	Nil	$351,534	$196,667
Mr Ian Ferres	$78,480	$158,450	$29,200
Mr Glenn Fowles	Nil	$212,966	$120,000

Fees paid to Mark Kerr and Ian Ferres in respect of the 2013 and 2014 financial years include fees for time spent by those Directors as members of the Independent Takeover Committee that oversaw and managed the two takeover offers made by the Company for all issued shares in Contango Capital Partners Limited and the acquisition of the shares in the Investment Manager held by its management team.

The current maximum aggregate sum per annum which may be paid to the Directors, other than executive Directors, by way of fees for services is $750,000. Any change to that maximum aggregate sum needs to be approved by the Shareholders in general meeting. Pursuant to the Constitution, non-executive Directors may also be paid all travelling, hotel and other expenses properly incurred by them in attending and returning from meetings of the Directors or any committee of the Directors or general meetings of the Company or otherwise in connection with the Company's business.

Directors – appointment and rotation

Under the Constitution, the minimum number of Directors that may comprise the Board is three and the maximum is fixed by the Directors but may not be more than 12 (unless the Shareholders pass a resolution in general meeting varying that number). Directors are elected at annual general meetings of the Company. Retirement will occur on a rotational basis so that no Director (excluding the Managing Director (if there is one)) holds office without re-election beyond the third annual general meeting following the meeting at which the Director was last elected. The Directors may also appoint any person to fill a casual vacancy on the Board or in addition to the existing Directors, which person will then hold office until the next annual general meeting of the Company.

Directors – voting

Questions arising at a meeting of the Board will be decided by a majority of votes of the Directors present at the meeting and entitled to vote on the matter. In the case of an equality of votes on a resolution, the chairperson of the meeting has a casting vote.

Indemnities

The Company, to the extent permitted by law, has agreed to indemnify each Director against any liability incurred by that person as an officer of the Company or of its subsidiaries and reasonable legal costs incurred by that person in defending an action for any liability incurred as an officer of the Company. The Company, to the extent permitted by law and subject to its right to require repayment under certain circumstances, may make a payment (whether by way of an advance, loan or otherwise) to a Director in respect of legal costs incurred by that person in defending an action for a liability of that person. The Company may enter into a deed with any officer of the Company to give effect to those matters outlined in this paragraph.

The Company, to the extent permitted by law, may pay a premium for a contract insuring a person who is or has been a Director against liability incurred by that person as a Director.

Related party transactions

The Company appointed CAML as its investment manager under an investment management agreement dated 19 January 2004. The Management Agreement delegates to CAML the responsibility to undertake the investment, operating, compliance and administrative requirements of the Company.

Included within the Management Agreement are details of:

- Investment guidelines and restrictions applicable to management of the Investment Portfolio;
- Reporting requirements;
- Performance measures;
- Remuneration and compensation payable to CAML; and
- Termination provisions.

While the Company predominantly invests on a medium to long term basis in the listed securities of entities forming part of the microcap sector of ASX, the investment strategy and guidelines given to CAML permit investment of the Company in a broad range of other listed securities, preference shares, units, convertible notes, loan securities, other securities of an equity nature listed on ASX (including options and futures contracts), the underwriting and sub-underwriting of issues of securities, bills of exchange and other negotiable investments.

When appointed as investment manager in 2004, CAML was a company associated with two Directors, David Stevens and Glenn Fowles, and other CAML executives. Subsequent to November 2013, CAML has been and remains at the date of this Prospectus a wholly owned subsidiary of the Company.

As the Investment Manager, CAML will be entitled to receive fees for the provision of its services under the Investment Management Agreement in accordance with the terms of that agreement. Further information regarding the Management Agreement is set out in the Company's annual report.

In addition, Contango Group Services Pty Ltd provides certain administrative and other services to the Company (under an administrative services agreement) in return for an annual fee. Contango Group Services Pty Ltd is a wholly owned subsidiary of the Company. To the extent that CAML and Contango Group Services Pty Ltd receive fees and other payments under the respective agreements with the Company, the Company will receive a benefit from a related party transaction.

Interests of advisers

As at the date of this Prospectus, other than as set out below or elsewhere in this Prospectus:

- no person named in the Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of the Prospectus or as a promoter of the Company has, or during the last 2 years prior to the date of the Prospectus has had, an interest in:
  - (a) the formation or promotion of the Company;
  - (b) any property acquired or proposed to be acquired by the Company in connection with its formation or promotion of the Offer under this Prospectus; or
  - (c) the Offer under this Prospectus; and
- no amounts, whether in cash or shares or otherwise, have been paid or agreed to be paid and no value or benefit has been given or agreed to be given to any person named in the Prospectus as performing a function in a professional advisory or other capacity for services rendered in connection with the formation or promotion of the Company or the Offer under this Prospectus.

Auditor

Pitcher Partners is the auditor of the Company and audited the historical financial statements of the Company for the year ended 30 June 2014 from which the financial information included in Section 3.2(d) of the Prospectus has been extracted.

Authorised Intermediary

Evans and Partners has agreed to act as the Authorised Intermediary to the Offer. Details of the commission, fees and other amounts the Company has paid or agreed to pay to Evans and Partners for its services as Authorised Intermediary are set out in Section 6.5(c).

Joint Lead Managers

BBY Limited and Evans and Partners have agreed to act as Joint Lead Managers. Details of the commission, fees and other amounts the Company has paid or agreed to pay to BBY Limited and Evans and Partners for their services as Joint Lead Managers are set out in Section 6.5(b).

Trustee

Equity Trustees Limited has given, and as at the time of lodgement of this Prospectus, has not withdrawn its consent to be named in the Prospectus as Trustee, in the form and context in which it is named.

Participating Broker

Morgans Financial Limited (**Morgans**) is acting as a Participating Broker to the Offer, but is not entitled to any fee other than the Service Fee that is applicable in respect of those of its clients who are Wholesale Applicants, or Retail Applicants who have consented to and authorised the payment of the Service Fee to Morgans, and who receive a firm allocation from Morgans under the Broker Firm Offer.

Legal Adviser

Minter Ellison has acted for the Company as its legal adviser in respect of the Company and the Offer. The Company has paid or agreed to pay Minter Ellison estimated fees of approximately $110,000 in respect of services performed in relation to the Prospectus. Further amounts may be paid to Minter Ellison for other legal services provided in accordance with its usual time based charge out rates.

Registry

Computershare Investor Services Pty Limited (**CIS**) has been engaged by the Company to maintain its Share register and, following the Offer, its Convertible Note register. The Company will pay the Share registry and Convertible Note registry fees in accordance with CIS' standard commercial terms. CIS has had no involvement in the preparation of any part of the Prospectus other than being named as the Company's Share Registry and Convertible Note Registry and has not authorised or caused the issue of, and expressly disclaims and takes no responsibility for, any part of this Prospectus.

6.8 Consents to be named and to the inclusion of information

Each of the parties who are named below (other than as specified in this section):

- has not made any statement in this Prospectus or any statement on which a statement made in this Prospectus is based;
- has not authorised or caused the issue of any part of this Prospectus;
- makes no representation or warranty, express or implied, as to the fairness, accuracy or completeness of information contained in this Prospectus; and
- to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any statements made in, or omissions from, this Prospectus, other than as specified in this section, and excludes and disclaims all liability for any damage, loss (including direct, indirect or consequential loss), cost or expense that may be incurred by any investor as a result of this Prospectus being inaccurate or incomplete in any way or for any reason.

Authorised Intermediary

Evans and Partners has given, and as at the time of lodgement of this Prospectus, has not withdrawn its consent to be named in the Prospectus as the Authorised Intermediary in the form and context in which it is named and to the inclusion of its Financial Services Guide in Section 8 in the form and context in which it is included.

Legal Adviser

Minter Ellison has given, and as at the time of lodgement of this Prospectus, has not withdrawn its consent to be named in the Prospectus as the legal advisers to the Company and the Offer, in the form and context in which it is named.

Auditor

Pitcher Partners has given, and as at the time of lodgement of this Prospectus, has not withdrawn its consent to be named in the Prospectus as the auditor to the Company in the form and context in which it

is named and to the inclusion of extracts from the audited statement of financial position of the Company for the year ended 30 June 2014 in the form and context in which it appears in Section 3.2(d).

Joint Lead Managers

BBY Limited and Evans and Partners have respectively given, and as at the time of lodgement of this Prospectus, have not withdrawn their consent to be named in the Prospectus as the Joint Lead Managers to the Offer, in the form and context in which they are named respectively.

Participating Broker

Morgans Financial Limited has given, and as at the time of lodgement of this Prospectus, has not withdrawn its consent to be named in the Prospectus as a Participating Broker to the Offer, in the form and context in which it is named.

Share & Convertible Note Registry

Computershare Investor Services Pty Limited (**CIS**) has given, and as at the time of lodgement of this Prospectus, has not withdrawn its consent to be named in the Prospectus as the Share Registry and Convertible Note Registry of the Company, in the form and context in which it is named.

CIS has had no involvement in the preparation of any part of the Prospectus other than being named as the Company's Share Registry and Convertible Note Registry. CIS has not authorised or caused the issue of, and expressly disclaims and takes no responsibility for, any part of the Prospectus.

Investment Manager

Contango Asset Management Limited (**CAML**) has given, and as at the time of lodgement of this Prospectus, has not withdrawn its consent to be named in the Prospectus as the Investment Manager and to the inclusion in this Prospectus of the statements by it, or the statements based on statements made by it, concerning its business, investment strategy and philosophy, its opinions, expectations and beliefs and its financial and investment results in the form and context in which those statements appear in this Prospectus.

Contango Income Generator Limited

Contango Income Generator Limited has given, and as at the time of lodgement of this Prospectus, has not withdrawn its consent to the inclusion in this Prospectus of the statements by it, or the statements based on statements made by it, concerning its proposed business, investment objectives and investment strategy in the form and context in which those statements appear in this Prospectus.

6.9 Privacy Disclosure Statement

The Company holds certain personal information regarding investors that has been provided to the Company (directly or via the Share Registry) in connection with their investment in the Company. The *Privacy Act 1988* (Cth) governs the use of a person's personal information and sets out principles governing the ways in which organisations should treat personal information. The personal information that the Company holds is used to provide services and appropriate administration including communications with members. If the Company is obliged to do so by law, investors' personal information will be passed on to other parties strictly in accordance with legal requirements. Once personal information is no longer needed for its records, the Company will destroy or de-identify it.

The Corporations Act requires that the Company include information about security holders (including name, address and details of the securities held) in its public register. The information contained in the Company's public register must remain there for 7 years after that person ceases to be a security holder. Information contained in the Company's registers is also used to facilitate distribution payments and corporate communications (including the Company's financial results, annual report and other information that the Company may wish to communicate to its security holders) and compliance by the Company with legal and regulatory requirements.

An investor has a right to gain access to the information that the Company holds about that person subject to certain exemptions under law. A fee may be charged for access. Access requests must be made in writing to the Company's registered office.

An investor who would like details of their personal information held by the Company or the Share Registry (or Note Registry), or who would like to correct information that is incorrect or out of date,

should contact the Share Registry (or Note Registry) by telephoning 1300 351 427 (within Australia) or +61 3 9415 4011 (outside Australia) or at the address shown in the Corporate Directory.

6.10 Expenses of the Offer

The total estimated expenses of the Offer payable by the Company (including the Authorised Intermediary's fees and Joint Lead Managers' fees, accounting and tax fees, legal fees, lodgement fees, ASX quotation fees, fees for other advisers, prospectus design, printing, advertising and other miscellaneous expenses (including taxes and other government charges) will range from approximately $380,658 (assuming $15 million is raised under the Offer) to $582,855 (assuming $30 million is raised under the Offer), and is calculated on the basis that 100% of each subscription amount is raised under the Broker Firm Offer. These costs are payable by the Company or to the extent that the costs have been paid by the Investment Manager, will be reimbursed by the Company to the Investment Manager.

6.11 Legal proceedings

To the knowledge of the Directors, there is no material current, pending or threatened litigation with which the Company is directly or indirectly involved.

6.12 Investor considerations

Before deciding to participate in this Offer, you should consider whether the Convertible Notes to be issued are a suitable investment for you. There are general risks associated with any investment in the stock market. The value of Convertible Notes listed on ASX may rise or fall depending on a range of factors beyond the control of the Company.

If you are in doubt as to the course you should follow, you should seek advice on the matters contained in this Prospectus from a stockbroker, solicitor, accountant or other professional adviser.

The potential tax effects relating to the Offer will vary between investors. Investors are urged to consider the possible tax consequences of participating in the Offer by consulting a professional tax adviser.

6.13 Directors' statement

The Directors' report that, in their opinion, after having made relevant inquiries:

- except as disclosed in this Prospectus, they are not aware of any circumstances that have materially affected or will materially affect the assets and liabilities, the financial position, the profits and losses, or the prospects of the Company on completion of the Offer; and
- they have reasonable grounds to, and do, believe that this Prospectus contains no statements that are false or misleading and that there are no material omissions from this Prospectus.

The Directors of the Company have authorised the lodgement of this Prospectus with ASIC.

6.14 Governing law

This Prospectus is governed by the law of Victoria.

6.15 Approval

This Prospectus has been approved by unanimous resolution of the Directors of the Company.

Each Director of the Company has given and has not, before the lodgement of this Prospectus, withdrawn his consent to the lodgement of this Prospectus with ASIC.

Dated: 28 November 2014



Mark Kerr
Chairman

7. Convertible Notes - Terms of Issue

1. Form of Notes

1.1 Form

The Notes are redeemable, unsecured convertible notes of the Issuer issued under the Trust Deed. Holders are entitled to the benefit of and are bound by the provisions of the Trust Deed and these Terms.

1.2 Face Value and Issue Price

(a) The Notes are each issued fully paid with a Face Value of $100 (**Face Value**).

(b) Each Note will be issued by the Issuer at an issue price of $100 or such other amount as set out in or determined in accordance with the relevant offer document (**Issue Price**). The Issue Price must be paid in full on application.

1.3 Currency

The Notes are denominated in Australian dollars.

1.4 Clearing System

For such time as the Notes are quoted on ASX, the rights of a person holding an interest in the Notes are subject to the rules and regulations of the Clearing System.

1.5 No certificates

No certificates will be issued to Holders unless the Issuer determines that certificates should be available or are required by any applicable law.

1.6 ASX quotation of Notes

The Issuer must use all reasonable endeavours and furnish all such documents, information and undertakings as may be reasonably necessary in order to procure that the Notes are, and until Redeemed or Converted, remain quoted on ASX.

1.7 No other rights

The Notes confer no rights on a Holder:

(a) to become a member of the Issuer;

(b) to vote at any meeting of members of the Issuer;

(c) to subscribe for or participate in any new issue of securities by the Issuer; or

(d) to participate otherwise in the profits or property of the Issuer or any other member of the Contango Group, except as set out in these Terms or the Trust Deed.

2. Interest

2.1 Interest

(a) Each Note bears interest on its Face Value from (and including) its Issue Date to (but excluding) its Maturity Date, Conversion Date or Redemption Date at the Interest Rate.

(b) Interest is payable in arrears on each Interest Payment Date.

3. General provisions applicable to Interest

3.1 Calculation of Interest Rate and Interest payable

(a) The Issuer must, as soon as practicable in each Interest Period, calculate the amount of interest payable for that Interest Period in respect of the Face Value of each Note.

(b) The amount of interest payable on each Note for an Interest Period is calculated according to the following formula:

$$\textbf{Interest payable} = \frac{\textbf{Interest Rate} \times \$100 \times N}{365}$$

Where:

N means, in respect of:

(i) the first Interest Payment Date in respect of a Note, the number of days from, and including, its Issue Date to, but excluding, that first Interest Payment Date; and

(ii) each subsequent Interest Payment Date, the number of days from, and including, the preceding Interest Payment Date to, but excluding, that Interest Payment Date or, in the case of the last Interest Period, the Maturity Date, Conversion Date or Redemption Date.

3.2 Notification of Interest Rate, Interest payable and other items

(a) The Issuer must notify the Trustee and ASX (and any other stock exchange or other relevant authority on which the Notes are quoted) of:

(i) for each Interest Period, the amount of interest payable; and

(ii) any amendment to the amount referred to in sub-paragraph (i) arising from any extension or reduction in any Interest Period or calculation period.

(b) The Issuer must give notice under this clause 3.2 of the amount of interest on each Note for the Interest Period by no later than the fifth Business Day of that Interest Period.

(c) The Issuer may amend its calculation or determination of any amount, item or date (or make appropriate alternative arrangements by way of adjustment) as a result of the extension or reduction of the Interest Period or calculation period without prior notice but must notify the Trustee and ASX (and any other stock exchange or other relevant authority on which the Notes are quoted) promptly after doing so.

3.3 Default Interest

If an amount is not paid under these Terms on or before the due date, interest accrues on the unpaid amount at 7.5% per annum from, and including, the due date to, but excluding, the date on which payment is made to the Holder of the full unpaid amount.

3.4 Determination final

The determination by the Issuer of all amounts, rates and dates falling to be calculated or determined by it under these Terms is, in the absence of manifest or proven error, final and binding on the Issuer, the Trustee and each Holder.

3.5 Calculations

For the purposes of any calculations required under these Terms:

(a) all figures must be rounded to three decimal places (with 0.0005 being rounded up to 0.001); and

(b) all amounts that are due and payable must be rounded to the nearest one Australian cent (with 0.5 of a cent being rounded up to 1 cent).

4. Conversion

4.1 Notes are Convertible

Subject to these Terms, the Holder has a right (**Conversion Right**), in accordance with this clause 4, to convert some or all of its Notes into a number of Shares determined by application of the following formula:

$$\frac{A}{B}$$

where:

A = the Conversion Amount; and

B = the Conversion Price.

4.2 Conversion at the Holder's election

(a) Subject to paragraph 4.2(b) and 4.3, a Holder may elect in its absolute discretion to convert some or all of its Notes into Shares by giving the Registrar notice in writing of its intention to convert some or all of its Notes (**Conversion Notice**).

(b) The Face Value of the Notes the subject of a Conversion Right must be at least the lesser of $1,000 or the balance of the Holder's holding of Notes.

4.3 Conversion Notice

(a) A Conversion Notice must:

(i) be in writing (in such form as the Issuer may accept or as is required by the ASX Listing Rules);

(ii) specify the number of Notes to be converted; and

(iii) be signed by the Holder or an authorised representative or officer of the Holder.

(b) Once a Conversion Notice has been given:

(i) the notice cannot be withdrawn without the written consent of the Issuer;

(ii) the Holder must not deal with, transfer, dispose or otherwise encumber any Notes the subject of the Conversion Notice; and

(iii) the Holder must provide such evidence of title to the Notes the subject of the Conversion Notice as may be reasonably required by the Issuer and the Registrar.

(c) Despite receipt by a Holder of an Early Redemption Notice, a Holder may still give a Conversion Notice (for some or all of its Notes) provided the notice is given not less than 5 Business Days before the Redemption Date specified in the Early Redemption Notice.

(d) A Conversion Notice given to the Issuer 10 or more Business Days before an Interest Payment Date will be effective on such date as may be determined by the Issuer (in its absolute discretion), provided that date is not later than the next Interest Payment Date.

(e) If a Conversion Notice is given to the Issuer less than 10 Business Days before an Interest Payment Date (**Date 1**), the Conversion Notice will be effective on such date as may be determined by the Issuer (in its absolute discretion), provided that date is not later than the next Interest Payment Date following Date 1.

(f) A Conversion Notice will not be effective if it is given less than 10 Business Days before the Maturity Date.

4.4 Effect of Conversion

On the Conversion Date:

(a) the Holder's Note will be taken to have been Redeemed, and the Holder will be taken to have agreed to pay the Conversion Amount to the Issuer by way of subscription for new Shares (**Conversion Shares**) at an issue price per Conversion Share that is equal to the Conversion Price;

(b) the Issuer will be taken to have issued to the Holder, and must register the Holder as the holder of, the Conversion Shares;

(c) the Holder agrees to be registered as the holder of the Conversion Shares in the register of Members;

(d) a holding notice in respect of the Conversion Shares is to be sent to the Holder (at its registered address in respect of the relevant Notes;

(e) the Issuer must use all reasonable endeavours to procure and maintain quotation of Conversion Shares on ASX; and

(f) upon issue of the Conversion Shares, all other rights conferred or restrictions imposed by the Note under these Terms will no longer have effect.

4.5 Ranking of Shares

Shares issued on conversion of the Notes will be fully paid and will in all respects rank pari passu with all other fully paid Shares on issue on the relevant Conversion Date, except that they will not be entitled to any dividend or any other distribution or entitlement that has not been paid as at the Conversion Date but for which the record date was prior to the Conversion Date.

4.6 No fractional shares

No fractional Shares will be issued on conversion of a Note. If the calculation under this clause results in an entitlement to a number of Shares which includes a fraction of a Share, the fraction will be disregarded.

4.7 **Adjustments to Conversion Price for Pro-rata Issues**

(a) Subject to clause 4.7(b), if the Issuer makes a pro-rata issue (except a bonus issue) of Shares to holders of Shares generally, the Conversion Price will be adjusted immediately under the following formula:

$$CP = CPo - \frac{E \times (P - [S + D])}{N + 1}$$

where:

CP means the Conversion Price applying immediately after the application of this formula;

CPo means the Conversion Price applying immediately before the application of this formula;

E means the number of Shares into which one Note may be converted;

P means the VWAP during the period from (and including) the first Business Day after the announcement of the pro-rata issue to ASX up to (and including) the last Business Day of trading before the ex rights date (or ex entitlements date) (or if there is no period of rights trading, an amount reasonably determined by the Directors as representing the value of a Share cum the rights entitlements);

S means the subscription price per Share under the pro-rata issue;

D means the dividend, if any, due but not yet paid on the existing Shares (not including those to be issued the pro-rata offer); and

N means the number of Shares that must be held to entitle the Holder to one new Share under the pro-rata issue.

(b) For the purpose of this clause 4.7(a), an issue will be regarded as a pro rata issue notwithstanding that the Issuer does not make offers to some or all Shareholders with registered addresses outside Australia, provided that in so doing the Issuer is not in contravention of ASX Listing Rules.

(c) If the Issuer makes a bonus issue of Shares, despite the Conversion Price not being adjusted, the number of Shares to be issued on the exercise of a Note will be increased by the number of Shares the Holder would have received if the Note had been converted prior to the record date for the bonus issue.

4.8 Adjustments to Conversion Price for Off Market Buy-Backs

(a) Subject to paragraph 4.8(b), if the Issuer undertakes an off market buy-back under a buy-back scheme which but for any applicable restrictions on transfer would be generally available to holders of Shares (or otherwise cancels Shares for consideration), the Conversion Price will be adjusted immediately using the following formula:

$$CP = CPo \times \frac{1}{P} \times \frac{(BD \times P) - (BN \times A)}{(BD - BN)}$$

where:

CP means the Conversion Price applying immediately after the application of this formula;

CPo means the Conversion Price applying immediately before the application of this formula;

P means the VWAP during the 20 Business Days before the announcement to ASX of the buy-back (or cancellation);

BD means the number of Ordinary Shares on issue immediately before the buy-back (or cancellation);

BN means the number of Ordinary Shares bought back (or cancelled); and

A means the buy-back (or cancellation) price per Share.

(b) No adjustment to the Conversion Price will occur if P exceeds A.

4.9 Adjustment to Conversion Price for Issues at Less than Current Market Price

If and whenever the Issuer shall issue (otherwise than as mentioned in 4.7 or 4.10) any Shares (other than Shares issued on conversion of the convertible notes or on the exercise of any rights of conversion into, or exchange or subscription for or purchase of, Shares) wholly for cash or for no consideration at a price per

Share which is less than 90% of the VWAP during the five Business Days immediately preceding the date of the first public announcement of the terms of such issue or grant, the Conversion Price will be adjusted immediately using the following formula:

$$CP = CPo \times \frac{1}{P} \times \frac{(RD \times P) + (RN \times A)}{(RD + RN)}$$

where:

CP means the Conversion Price applying immediately after the application of this formula;

CPo means the Conversion Price applying immediately before the application of this formula;

P means the VWAP during the five consecutive Business Days up to the announcement of the terms of such issue or grant to ASX;

RD means the number of Shares on issue immediately before the issue of new Shares under the rights or bonus issue;

RN means the number of Shares issued at a price per Share which is less than 90 per cent of the VWAP during the five Business Days immediately preceding the date of the first public announcement of the terms of such issue or grant; and

A means the subscription price per Share for the issue.

4.10 Adjustment to Conversion Price for Issues Under a Share Purchase Plan or Dividend Reimbursement Plan at a Discount

If and whenever the Issuer shall issue any new Shares under a share purchase plan or dividend reinvestment plan where the pricing of new Shares under that plan is expressly calculated as a discount to a market price and that discount is greater than 10 per cent, the Conversion Price will be adjusted immediately using the following formula:

$$CP = CPo \times \frac{RD + ((1-D) \times RN)}{(RD + RN)}$$

where:

CP means the Conversion Price applying immediately after the application of this formula;

CPo means the Conversion Price applying immediately before the application of this formula;

RD means the number of Shares on issue immediately before the issue of new Shares under the share purchase plan or dividend reinvestment plan;

RN means the number of Shares issued under the plan; and

D means the discount at which new Shares are issued under the plan.

4.11 Adjustment to Conversion Price for Return of Capital

If the Issuer makes a pro rata return of capital to holders of Shares without cancellation of any Shares, the Conversion Price will be adjusted under the following formula:

$$CP = CPo \times \frac{P - C}{P}$$

where:

CP means the Conversion Price applying immediately after the application of this formula;

CPo means the Conversion Price applying immediately before the application of this formula;

P means the VWAP during the period from (and including) the first Business Day after the announcement to ASX of the return of capital up to and including the last Business Day of trading cum the return of capital (or if there is no period of cum return of capital, an amount reasonably determined by the Directors as representing the value of a Share cum the return of capital); and

C means with respect to a return of capital, the amount of the cash and/or the value (as reasonably determined by the Directors) of any other property distributed to holders of Shares per Share (or such lesser amount such that the difference between P and C is greater than zero).

4.12 Other Adjustments to Conversion Price

If the Issuer (after consultation with the Trustee) determines that an adjustment should be made to the Conversion Price where the effect of any of the adjustment provisions set out in clauses 4.7 to 4.11 is not appropriate in any particular circumstances, the Issuer shall, at its own expense and acting reasonably, request a Financial Adviser to determine as soon as practicable what adjustment (if any) to the Conversion Price is fair and reasonable to take account thereof and the date on which such adjustment should take effect and, on finalisation of that determination, such adjustment (if any) shall be made and shall take effect in accordance with such determination, provided that an adjustment shall only be made pursuant to this clause 4.12 if such Financial Adviser is so requested to make such a determination not more than 21 days after the date on which the relevant circumstance arises and if the adjustment would result in a reduction to the Conversion Price.

4.13 Deemed Amendment

Any adjustment of the Conversion Price under this clause 4 will be taken to be an amendment to these Terms and will be binding on the Issuer and all Holders and effective on delivery of the instrument of amendment to the Trustee and these Terms will be construed accordingly. Any such adjustment will be notified promptly to the Holders and to ASX (and any other stock exchange or other relevant authority on which the Notes are quoted).

4.14 On Market Buy-Backs

No adjustment to the Conversion Price shall occur as a result of an on market buy-back of Shares.

5. Redemption and purchase

5.1 Scheduled redemption

Each Note is Redeemable by the Issuer on the Maturity Date at its Face Value unless:

(a) the Note has been previously Converted;

(b) the Note has been previously Redeemed; or

(c) the Note has been purchased by the Issuer and cancelled.

5.2 Early Redemption by the Issuer

(a) lf a Regulatory Event, Minimum Holding Event or Change of Control Event occurs, the Issuer may Redeem all (but not some) of the Notes in whole before their Maturity Date at their Face Value together with any Interest accrued on those Notes to (but excluding) the applicable Redemption Date.

(b) The Issuer may exercise its right under clause 5.2(a) to Redeem the Notes if, and only if:

(i) the Issuer has given not less than 10 Business Days' notice in writing to the Trustee, the Holders and ASX (and any other stock exchange or other relevant authority on which the Notes are quoted) of the occurrence of a Regulatory Event, Minimum Holding Event or Change of Control Event and of the intention of the Issuer to Redeem the Notes (**Early Redemption Notice**); and

(ii) not less than 5 Business Days before the Issuer gives the Early Redemption Notice under clause 5.2(b)(i), the Trustee has received from the Issuer:

(A) a certificate signed by two Directors or a Director and a secretary of the Issuer confirming that a Regulatory Event, Minimum Holding Event or Change of Control Event has occurred; and

(B) in the case of a Regulatory Event, an opinion addressed to or endorsed for use by the Trustee of a qualified legal or taxation adviser (such legal or taxation adviser to be acceptable to the Trustee, acting reasonably) that a Regulatory Event has occurred in respect of the Notes.

(c) If an Early Redemption Notice is given by the Issuer under clause 5.2(b)(i), the notice will be effective (and Redemption will occur) on such date as specified by the Issuer in the Early Redemption Notice.

(d) If, prior to Redemption of the Notes taking place pursuant to an Early Redemption Notice, a Holder delivers a Conversion Notice for some or all of its Notes, the Conversion Notice will prevail for the Notes that are the subject of the Conversion Notice.

5.3 Early Redemption by the Holders

(a) If a Change of Control Event or Delisting Event occurs, the Holder of any Notes may require the Issuer to Redeem all (but not some) of the Notes held by that Holder at their Face Value together with any Interest accrued on the Notes to (but excluding) the applicable Redemption Date.

(b) As soon as practicable after the occurrence of a Change of Control Event or a Delisting Event, the Issuer must give notice in writing to the Trustee, the Holders and ASX (and any other stock exchange or other relevant authority on which the Notes are quoted):

(i) specifying the occurrence of a Change of Control Event and/or Delisting Event (as the case may be);

(ii) specifying the date on which the Change of Control Event and/or Delisting Event occurred;

(iii) informing the Holders of their right under clause 5.3(a) to require the Issuer to Redeem all (but not some) of their Notes;

(iv) enclosing the form of the notice required to be given by a Holder if it elects to exercise its right to Redeem its Notes (**Holder Redemption Notice**); and

(v) such other information relating to the Change of Control Event or Delisting Event as the Trustee may reasonably require be given to the Holders.

(c) A Holder may exercise its right under clause 5.3(a) to Redeem its Notes by delivery to the Registrar (as agent for the Issuer) of a duly completed and signed Holder Redemption Notice, which notice must be delivered to the Issuer not later than 10 Business Days after the date of receipt by the Holder of the notice given by the Issuer to the Holder under clause 5.3(b).

(d) Subject to the right of the Issuer to Redeem the Holder's Notes at an earlier date, if a Holder Redemption Notice is given by the Holder under clause 5.3(c):

(i) not less than 10 Business Days before an Interest Payment Date, the notice will be effective (and Redemption will occur) on the immediately following Interest Payment Date; and

(ii) less than 10 Business Days before an Interest Payment Date, the notice will not be effective for that Interest Payment Date and Redemption will not occur until the following Interest Payment Date.

5.4 Effect of Holder Redemption Notice

(a) Once given by a Holder, a Holder Redemption Notice cannot be withdrawn without the written consent of the Issuer.

(b) An Holder Redemption Notice must be accompanied by evidence of title for the Notes the subject of the Notice as may reasonably be required by the Issuer and the Registrar.

(c) A Holder must not deal with, transfer, dispose of or encumber any Notes the subject of a Holder Redemption Notice once that Notice has been given.

5.5 Purchase

Subject to compliance with any applicable law or requirement of ASX (and any stock exchange or other relevant authority on which the Notes are quoted):

(a) The Issuer and any of its Related Bodies Corporate (or any third party nominated by the Issuer) may, at any time, purchase Notes in the open market or otherwise and at any price;

(b) If purchases are made by tender for the Notes by the Issuer or any of its Related Bodies Corporate, tenders must be available to all Holders alike; and

(c) Notes purchased under this clause 5.5 may be held , resold or cancelled at the discretion of the purchaser (and, if the Notes are to be cancelled, the Issuer).

6. Status and ranking

6.1 Status

The Notes at all times constitute direct and unsecured obligations of the Issuer.

6.2 Ranking of Notes

(a) The Notes are direct, unsecured and unsubordinated debt obligations of the Issuer and rank equally without any preference or priority among themselves and at least equally with all other present and future unsubordinated and unsecured debt obligations of the Issuer (subject to the laws and principles of equity affecting creditors' rights or obligations preferred by mandatory provisions of applicable law).

(b) The ranking of Notes is not affected by the date of registration of any Holder in the Register.

7. Financial covenants and Undertaking

7.1 Gearing

For so long as any of the Notes remain outstanding, the Issuer covenants for the benefit of the Holders that, on 30 June and 31 December of each year, the Consolidated Interest Bearing Liabilities divided by the Total Equity (expressed as a percentage) will be less than 25%.

7.2 Negative pledge

(a) Subject to clause 7.2(b), for so long as any of the Notes remain outstanding, the Issuer must not create or allow to exist, and must procure that no other member of the Contango Group creates or allows to exist, any prior ranking Security Interest over any assets of Contango Group, other than a Permitted Security Interest, without also according to the Notes either the same security, security that is in substance equal ranking security or such other security as is approved by the Trustee (securing the Issuer's obligations to the Holders under the Notes and the Trust Deed).

(b) From time-to-time, the Issuer may lodge securities as collateral for options positions.

8. Events of Default

8.1 Events of Default

An Event of Default occurs in relation to the Notes if:

(a) (**non-payment**) the Issuer fails to pay any amount payable by it under the Terms within 10 Business Days after the date on which it is due and, where the sole reason for the default is a technical or administrative difficulty within the banking system being used to effect payment, such default is not remedied within 5 Business Days;

(b) (**breach of other obligations**) the Issuer fails to comply with any of its other obligations under the Terms or the Trust Deed and such failure remains unremedied for a period of 20 Business Days after the Issuer has received written notice from the Trustee in respect of the failure;

(c) (**insolvency**) an Insolvency Event occurs in respect of the Issuer;

(d) (**cessation of business**) the Issuer ceases or suspends the conduct of all of its business;

(e) (**unlawfulness**) at any time, it is unlawful for the Issuer to perform any of its payment obligations under the Notes.

(f) (**non-issue of Shares**) the Issuer fails to issue Shares on Conversion in accordance with these Terms within 10 Business Days after the date on which such issue is to be made;

(g) (**cross default**) any debt of the Issuer greater than $1,000,000 (or its equivalent in any other currencies) becomes due and payable before its stated maturity due to the occurrence of a default event under the terms of that debt;

(h) (**vitiation**) all or any rights or obligations of the Issuer, Holders or the Trustee under the Trust Deed or the Terms are terminated or are or become void, illegal, invalid, unenforceable or of limited force and effect.

8.2 Notification

If an Event of Default occurs, the Issuer must, promptly after becoming aware of it, notify the Trustee of the occurrence of the Event of Default (specifying details of it) and use its reasonable endeavours to promptly notify the Holders and ASX (and any other stock exchange or other relevant authority on which the Notes are quoted) of the occurrence of the Event of Default.

8.3 Consequences of an Event of Default

(a) If any Event of Default occurs and is continuing in relation to the Notes, the Trustee may declare by notice to the Issuer (with a copy to the Holders and the Registrar) that all the Notes are to be Redeemed at their Face Value (together with any accrued Interest) immediately (but not earlier than 5 Business Days after the date the Trustee gives notice under this clause) or on such other date specified in that notice.

(b) The Trustee shall not be bound to take any of the actions referred to in paragraph (a) above to enforce the obligations of the Issuer in respect of the Notes or any other proceedings or action pursuant to or in connection with the Trust Deed, the Terms or the Notes unless:

(i) it shall have been so directed by a Special Resolution of the Holders of the relevant Notes or so requested in writing by the Holders representing greater than 75% of the aggregate Face Value of all Notes outstanding;

(ii) it is indemnified, to its satisfaction, against all costs, charges, liabilities and expenses which may be incurred by it (including legal costs on a solicitor and own client basis) in connection with that action;

(iii) it is first placed in funds by the Issuer sufficient to cover the costs that it may incur as a result of doing so; and

(iv) it is not restricted or prohibited from taking such action by any order of any competent court or any applicable law.

If the Trustee forms the view that such action is or could be inconsistent with these Terms or the Corporations Act or any applicable law, it must take steps to seek (and, if the court so determines, to obtain) as soon as reasonably practicable a court direction or order to set aside or vary the direction given by Special Resolution, and, while those steps are underway, the Trustee is not obliged to take any action or proceedings it has been directed to take by Special Resolution.

8.4 No enforcement by Holders

Unless the Trustee, having become obliged to take action to enforce the rights of the Holders under the Trust Deed and these Terms, fails to do so within 20 Business Days of being obliged to do so and such failure is continuing, the rights of each Holder to enforce the obligations of the Issuer under Notes are limited to the exercise of its rights to enforce and seek due administration by the Trustee of the Trust Deed. In particular, unless the Trustee, having become obliged to take action to enforce the rights of the Holders under the Trust Deed and these Terms, fails to do so within 20 Business Days of being obliged to do so and such failure is continuing, no Holder may, with respect to payment of any amount due under the Notes held by it:

(a) sue the Issuer;

(b) obtain judgment against the Issuer; or

(c) apply for or seek Winding Up of the Issuer.

9. Title and transfer of Notes

9.1 Title

Title to a Note passes when details of the transfer are entered in the Register.

9.2 Effect of entries in Register

Each entry in the Register in respect of a Note constitutes:

(a) an unconditional and irrevocable undertaking by the Issuer to the Holder to pay principal, interest and any other amount in accordance with these Terms; and

(b) an entitlement to the other benefits given to Holders under these Terms and the Trust Deed in respect of the Note.

For the avoidance of doubt, an entry in the Register does not make the Holder a member of the Issuer or confer rights on a Holder to become a member of the Issuer or to attend or vote at meetings of members of the Issuer.

9.3 Register conclusive as to ownership

Entries in the Register in relation to a Note constitute conclusive evidence that the person so entered is the absolute owner of the Note subject to correction for fraud or manifest error.

9.4 Non-recognition of interests

Except as required by law, the Issuer, the Trustee and the Registrar must treat the person whose name is entered in the Register as the holder of a Note as the absolute owner of that Note. This clause 9.4 applies whether or not a Note is overdue and despite any notice of ownership, trust or interest in the Note.

9.5 Joint holders

Where two or more persons are entered in the Register as the joint holders of a Note then they are taken to hold the Note as joint tenants with rights of survivorship, but the Registrar is not bound to register more than four persons as joint holders of any Note.

9.6 Transfers in whole

The Notes may be transferred in whole but not in part.

9.7 Transfer

A Holder may, subject to this clause 9.7, transfer any Notes:

(a) by a proper ASTC transfer according to the ASX Settlement Operating Rules;

(b) by a proper transfer under any other computerised or electronic system recognised by the Corporations Act;

(c) under any other method of transfer which operates in relation to the trading of securities on any securities exchange outside Australia on which the Notes are quoted; or

(d) by any proper or sufficient instrument of transfer of marketable securities under applicable law.

The Issuer must not charge any fee on the transfer of a Note.

9.8 Market obligations

The Issuer must comply with all Applicable Regulations and any other relevant obligations imposed on it in relation to the transfer of a Note.

9.9 Issuer may request holding lock or refuse to register transfer

If the Notes are quoted on ASX, and if permitted to do so by the ASX Listing Rules and the Corporations Act, the Issuer may:

(a) request the CS Facility Operator or the Registrar, as the case may be, to apply a holding lock to prevent a transfer of Notes approved by and registered on the CS Facility's electronic sub-register or Notes registered on an issuer-sponsored sub-register, as the case may be; or

(b) refuse to register a transfer of Notes.

9.10 Issuer must request holding lock or refuse to register transfer

(a) The Issuer must request the CS Facility Operator or the Registrar, as the case may be, to apply a holding lock to prevent a transfer of Notes approved by and registered on the CS Facility's electronic sub-register or Notes registered on an issuer-sponsored sub- register, as the case may be, if the Corporations Act, the ASX Listing Rules or the terms of a Restriction Agreement require the Issuer to do so.

(b) The Issuer must refuse to register any transfer of Notes if the Corporations Act, the ASX Listing Rules or the terms of a Restriction Agreement require the Issuer to do so.

(c) During a breach of the ASX Listing Rules relating to Restricted Securities, or a breach of a Restriction Agreement, the Holder of the Restricted Securities is not entitled to any Interest (or other distribution on), or voting rights in respect of, the Restricted Securities.

9.11 Notice of holding lock and refusal to register transfer

If, in the exercise of its rights under clauses 9.9 and 9.10, the Issuer requests the application of a holding lock to prevent a transfer of Notes or refuses to register a transfer of Notes, it must, within 5 Business Days after the date the holding lock is requested or the refusal to register a transfer, give written notice of the request or refusal to the Holder, to the transferee and the broker lodging the transfer, if any. Failure to give such notice does not, however, invalidate the decision of the Issuer.

9.12 Delivery of instrument

If an instrument is used to transfer the Notes according to clause 9.7, it must be delivered to the Registrar, together with such evidence (if any) as the Issuer and/or the Registrar reasonably requires to prove the title of the transferor to, or right of the transferor to transfer, the Notes.

9.13 Refusal to register

(a) The Issuer may only refuse to register a transfer of any Notes if such registration would contravene or is forbidden by Applicable Regulation or the Terms.

(b) If the Issuer refuses to register a transfer, the Issuer must give the lodging party notice of the refusal and the reasons for it within five Business Days after the date on which the transfer was delivered to the Registrar.

9.14 Transferor to remain Holder until registration

A transferor of a Note remains the Holder in respect of that Note until the transfer is registered and the name of the transferee is entered in the Register.

9.15 Effect of transfer

Upon registration and entry of the transferee in the Register the transferor ceases to be entitled to future benefits under the Trust Deed and the Terms in respect of the transferred Notes and the transferee becomes so entitled in accordance with clause 9.2.

9.16 Estates

A person becoming entitled to a Note as a consequence of the death or bankruptcy of a Holder or of a vesting order or a person administering the estate of a Holder may, upon producing such evidence as to that entitlement or status as the Registrar considers sufficient, transfer the Note or, if so entitled, become registered as the holder of the Note.

9.17 Transfer of unidentified Notes

Where the transferor executes a transfer of less than all the Notes registered in its name, and the specific Notes to be transferred are not identified, the Registrar may register the transfer in respect of such of the Notes registered in the name of the transferor as the Registrar thinks fit, provided the aggregate of the Face Value of all the Notes registered as having been transferred equals the aggregate of the Face Value of all the Notes expressed to be transferred in the transfer.

10. Payments

10.1 Summary of payment provisions

Payments in respect of the Notes will be made in accordance with this clause 10.

10.2 Record Date

All payments under or in respect of a Note will be made only to those persons registered as the holder of that Note at the nominated time on the relevant Record Date.

10.3 Payments subject to law

All payments are subject to applicable law, but without prejudice to the provisions of clause 11.

10.4 Payments on Business Days

If a payment:

(a) is due on a Note on a day which is not a Business Day then the due date for payment will be postponed to the first following day that is a Business Day; or

(b) is to be made to an account on a Business Day on which banks are not open for general banking business in the place in which the account is located, then the due date for payment will be the first following day on which banks are open for general banking business in that place,

and, in either case, the Holder is not entitled to any additional payment in respect of that delay.

10.5 Payments to accounts

Moneys payable by the Issuer to a Holder may be paid in any manner the Issuer decides, including by direct credit into a nominated account of the Holder at an Australian branch of a financial institution.

10.6 Payments by cheque

(a) The Issuer may decide that payments in respect of the Notes will be made by cheque sent by prepaid post on the payment date to the Holder (or to the first named joint holder of the Notes) at its address appearing in the Register.

(b) Cheques sent to the nominated address of a Holder will be at the risk of the registered Holder and will be taken to have been received by the Holder on the payment date and, no further amount will be payable by the Issuer in respect of the Notes as a result of the Holder not receiving payment on the due date.

10.7 Unsuccessful attempts to pay

Subject to applicable law and the ASX Listing Rules, where the Issuer:

(a) decides that an amount is to be paid to a Holder by a method of direct credit and the Holder has not nominated an account to which amounts are to be paid by that method;

(b) attempts to pay an amount to a Holder by direct credit, electronic transfer of funds or any other means and the transfer is unsuccessful;

(c) has made reasonable efforts to locate a Holder but is unable to do so; or

(d) has issued a cheque which has not been presented within six months of its date and, as a consequence, the Issuer has cancelled such cheque,

then, in each case:

(e) the amount will be taken to have been duly paid to the Holder and will not bear Interest; and

(f) the amount will be held by the Issuer for the Holder in a non-interest bearing deposit with a bank selected by the Issuer until the Holder (or any legal personal representative of the Holder) nominates an account for payment or otherwise claims the amount or the amount is paid by the Issuer according to the legislation relating to unclaimed moneys.

10.8 Payment to joint Holders

A payment to any one of the joint Holders of a Note will discharge the Issuer's liability in respect of the payment.

10.9 Fractions

For the purposes of making any payment to a Holder in respect of its aggregate holding of Notes, any fraction of a cent will be disregarded.

11. Deductions

11.1 No set-off, counterclaim or deductions

All payments in respect of the Notes must be made in full without set-off or counterclaim, and without any withholding or deduction for or in respect of Taxes, unless such withholding or deduction is required by law.

11.2 Withholding and other taxes

(a) The Issuer may withhold or deduct from any amount payable to a Holder in respect of the Notes an amount in respect of any Tax which a qualified legal or taxation advisor advises that it is required by law to withhold or deduct from that payment.

(b) The Issuer must pay the full amount required to be withheld or deducted to the relevant revenue authority within the time allowed for such payment (without incurring penalty under the applicable law) and must, if required by a Holder, deliver to that Holder a copy of the relevant receipt issued by the relevant revenue authority without unreasonable delay after it is received by the Issuer.

(c) If an amount is deducted or withheld under clause 11.2(a) from a payment to a Holder in respect of any Tax, the Issuer will have no obligation to pay any additional amount to the Holder such that the Holder, at the time the payment is due, receives the same amount it would have received if no deductions or withholdings had been required to be made.

12. Amendment of the Terms

12.1 Amendment without the approval of the Holders

At any time, and from time to time, but subject to clause 18.4 of the Trust Deed, the Terms (which, for the avoidance of doubt include this clause) may be modified, altered, cancelled, amended or added to (collectively **Modified**), without the consent of the Holders, if:

(a) such modification, alteration, cancellation, amendment or addition (collectively **Modification**) is:

(i) of a formal or technical nature or made to cure any ambiguity or correct any manifest error;

(ii) necessary or expedient for the purpose of listing the Notes on ASX or to comply with the applicable ASX Listing Rules or the listing or quotation requirements of any other any securities exchange on which the Issuer may propose to seek a listing of the Notes;

(iii) necessary or expedient for the purpose of enabling the Notes to be offered for issue or for sale under the laws for the time being in force in any place;

(iv) necessary or expedient to comply with the provisions of any law or regulation or the requirements of any statutory authority; or

(v) necessary or advisable following the introduction of, or any amendment to, clarification of, or change (including any announced prospective change) in, any law or regulation of the Commonwealth of Australia or an announcement, action or decision or a proposal to introduce, amend, clarify or change any such law or regulation or any official administrative pronouncement or action or judicial decision interpreting or applying any such law or regulation which is likely to cause the Notes to cease to be treated as debt for tax or accounting purposes; and

(b) in respect of a Modification sought by a party in reliance on:

(i) any one of clauses 12.1(a)(i) to 12.1(a)(iv) above - the Issuer and the Trustee have jointly obtained a legal opinion from legal advisers of recognised standing in Victoria, which opinion is in a form satisfactory to the Issuer and the Trustee (each acting reasonably) and is addressed to or is otherwise able to be relied on by each of the Issuer and the Trustee, to the effect that such Modification (taken as a whole and in conjunction with all other Modifications) is:

(A) a Modification within the scope of any one or more of paragraphs 12.1(a)(i) to 12.1(a)(iv); and

(B) not materially prejudicial to the interests of Holders of the Notes (taken as a whole); or

(ii) clause 12.1(a)(v) above - the Issuer and the Trustee have jointly obtained an opinion from an accountancy or taxation adviser of recognised standing in Victoria, which opinion is in a form satisfactory to the Issuer and the Trustee (each acting reasonably) and is addressed to or is otherwise able to be relied on by each of the Issuer and the Trustee, to the effect that such Modification (taken as a whole and in conjunction with all other Modifications) is

(A) a Modification within the scope of paragraph 12.1(a)(v); and

(B) not materially prejudicial to the interests of Holders of the Notes (taken as a whole).

12.2 Amendment with the approval of the Holders

(a) At any time, and from time to time, but subject to clauses 12.2(b), 12.2(c) and 12.3 of the Terms and clause 18.4 of the Trust Deed, the Terms (which, for the avoidance of doubt includes this clause) may be Modified if such Modification is authorised by a Holders Resolution passed at a meeting (including a meeting held by way of postal ballot) of all Holders held pursuant to the Meeting Provisions.

(b) If the Trustee reasonably considers the Modification will materially and adversely affect the rights of all Holders, then the Modification must be authorised by a Special Resolution passed at a meeting (including a meeting held by way of postal ballot) of all Holders held pursuant to the Meeting Provisions.

(c) If a clause in the Terms provides for Holders of those Notes to give a direction to the Trustee by a Special Resolution, then that clause may only be Modified if such Modification is authorised by a

Special Resolution passed at a meeting (including a meeting held by way of postal ballot) of all Holders held pursuant to the Meeting Provisions .

12.3 Amendment with the approval of the Holders but not the Trustee

If a Modification to the Terms (which, for the avoidance of doubt includes this clause) is proposed by the Issuer under clause 12.2 and the Trustee will not consent to the Modification, subject to compliance with clause 18.4 of the Trust Deed, the Terms may be Modified in the manner proposed by the Issuer if such Modification is authorised by a Special Resolution passed at a meeting (including a meeting held by way of postal ballot) of all Holders held pursuant to the Meeting Provisions.

13. General

13.1 Reporting

In addition to any requirements of the Corporations Act and the ASX Listing Rules, each Holder (if requested by that Holder) will be provided with copies of all annual and half-yearly reports and financial statements provided to holders of Shares.

13.2 Time limit for claims

A claim against the Issuer for a payment under a Note is void unless made within 5 years from the date on which payment first became due.

13.3 Voting

The Trust Deed contains provisions for convening meetings of the Holders to consider any matter affecting their interests including certain variations of these Terms which require the consent of the Holders.

13.4 Notices

The Trust Deed contains provisions for the giving of notices.

13.5 Further documents

The Issuer may require the Trustee to execute, on behalf of all Holders, such documents as the Issuer considers necessary or desirable (provided that the Trustee is indemnified to its satisfaction, acting reasonably, against any Taxes, fees, costs, charges, expenses or liabilities (including solicitor and client as well as party and party costs) which it may suffer or incur as a result of doing so, and provided that the Trustee will only be required to execute such documents if the Holders give a direction to the Trustee by a Special Resolution passed in favour of such execution to do so).

13.6 Further issues

The Issuer may from time to time, without the consent of the Holders, issue further notes having the same Terms as the Notes in all respects (or in all respects except for the Issue Date and the first payment of interest for such new notes) so as to form part of the same series or issue any other notes, shares or any other form or type of securities, or incur or guarantee any indebtedness upon such terms as it may think fit in its sole discretion.

13.7 Governing law and jurisdiction

(a) These Terms and the Notes are governed by the laws of Victoria.

(b) The Issuer and each Holder submits to the non-exclusive jurisdiction of the courts exercising jurisdiction in Victoria in connection with matters concerning the Notes or these Terms.

(c) The Issuer and each Holder waives any right they have to object to an action being brought in those courts, or to claim that the action has been brought in an inconvenient forum, or to claim those courts do not have jurisdiction.

14. Interpretation and definitions

14.1 Interpretation

In these Terms, except where the context otherwise requires:

(a) if there is inconsistency between the Terms and the Trust Deed, then, to the maximum extent permitted by law, the Terms will prevail;

(b) the Directors may exercise all powers of the Issuer under these Terms as are not, by the Corporations Act or by the Constitution of the Issuer required to be exercised by the Issuer in a general meeting;

(c) if a calculation is required under these Terms, unless the contrary intention is expressed, the calculation will be rounded to four decimal places;

(d) calculations, elections and determinations made by the Issuer under these Terms are binding on Holders in the absence of manifest error;

(e) if an event under these Terms must occur on a stipulated day which is not a Business Day, then the stipulated day will be taken to be the next Business Day;

(f) the singular includes the plural and vice versa, and a gender includes other genders;

(g) another grammatical form of a defined word or expression has a corresponding meaning;

(h) a reference to a document includes all schedules or annexes to it;

(i) a reference to a clause or paragraph is to a clause or paragraph of these Terms;

(j) a reference to a document or instrument includes the document or instrument as novated, altered, supplemented or replaced from time to time;

(k) a reference to '$', 'Australian dollars', 'A$', 'AUS' or 'Australian cent' is a reference to the lawful currency of Australia;

(l) a reference to time is to Melbourne time;

(m) a reference to a person includes a reference to the person's executors, administrators, successors and permitted assigns and substitutes;

(n) a reference to a person includes a natural person, partnership, body corporate, association, governmental or local authority or agency or other entity;

(o) a reference to a statute, ordinance, code, rule, directive or law (however described) includes regulations and other instruments under it and consolidations, amendments, re-enactments or replacements of any of them;

(p) the meaning of general words is not limited by specific examples introduced by including, for example or similar expressions;

(q) an Event of Default is subsisting if it has not been remedied or waived in writing; and

(r) headings (including those in brackets at the beginning of paragraphs) are for convenience only and do not affect the interpretation of these Terms.

14.2 Definitions

Terms defined in the Trust Deed have the same meanings in these Terms. In addition, the following terms have the following meanings unless the contrary intention appears:

Applicable Regulation means such provisions of the ASX Listing Rules, the ASX Settlement Operating Rules, the Corporations Act and any regulations or rules pursuant under or pursuant to any such provisions as may be applicable to the transfer of a Note.

ASTC means the ASX Settlement Pty Ltd (ABN 49 008 504 532).

ASX Settlement Operating Rules means the settlement rules of ASTC as amended or replaced from time to time.

ASX means ASX Limited (ABN 98 003 624 691) or the securities market operated by it, as the context requires.

ASX Listing Rules means the listing rules of ASX.

Australian Tax Act means the *Income Tax Assessment Act 1936* (Cth) and, where applicable, the *Income Tax Assessment Act 1997* (Cth).

Balance Sheet means the balance sheet of the consolidated Contango Group shown in the latest audited financial statements or half year financial statements of the Issuer.

Business Day means a day which is a business day within the meaning of the ASX Listing Rules;

Change of Control Event means each of:

(a) a takeover bid is made to acquire all of the Shares and the offer under the takeover bid is, or becomes, unconditional and:

(i) the bidder has acquired at any time during the offer period a relevant interest in more than 50% of the Shares on issue; or

(ii) the Directors of the Issuer unanimously recommend acceptance of the offer under the takeover bid, and acceptance of that offer would result in the bidder having a relevant interest in 100% of the Shares on issue; and

(b) a court approves a proposed scheme of arrangement which, when implemented, will result in a person having a relevant interest in 100% of the Shares on issue.

Clearing System means the Clearing House Electronic Sub-register System operated by ASTC or any other applicable securities trading and/or clearance system.

Consolidated Interest Bearing Liabilities means the aggregate sum (without double counting) of all interest bearing liabilities of the Contango Group (on a consolidated basis) as set out in the latest Balance Sheet and of the Contango Guarantees.

Constitution means the constitution of the Issuer, as amended from time to time.

Contango Group means the Issuer and its Subsidiaries but excludes any Subsidiary in its capacity as trustee or responsible entity of a Relevant Trust or Scheme.

Contango Guarantees means, on a consolidated basis for the Contango Group, all actual or contingent debt or other monetary liabilities (including by way of counter-indemnity) of or incurred by a member of the Contango Group in respect of (but only to the extent of the outstanding available or undrawn amounts under) any bank guarantee, standby letter of credit or other Guarantee issued or granted by a financial institution at the request of a member of the Contango Group for the payment of a debt.

Conversion means the conversion of a Note in accordance with clause 4 and the words **Convert**, **Convertible, Converting** and **Converted** bear a corresponding meaning.

Conversion Amount means the aggregate Face Value of the total number of Notes the subject of the relevant Conversion Notice plus, at the option of the Issuer, such amount of the Interest accrued but unpaid on those Notes (as determined by the Issuer) on the Conversion Date.

Conversion Date means the date (determined by the Issuer (in its absolute discretion) in accordance with the Terms) on which Shares will be issued to the Holder on conversion of the Notes under clause 4.

Conversion Notice means a notice of conversion given in accordance with clauses 4.2 and 4.3.

Conversion Price means $1.30, or such other lower price as determined in accordance with clauses 4.7 to 4.14.

Corporations Act means the *Corporations Act 2001* (Cth).

Costs includes costs, charges and expenses.

CS Facility has the same meaning as 'prescribed CS Facility' in the Corporations Act.

CS Facility Operator means the operator of a CS Facility.

Delisting Event will occur if:

(a) the Shares cease to be quoted on ASX;

(b) the Notes cease to be quoted on ASX; or

(c) trading of the Shares or Notes on the ASX is suspended for a period of more than 20 consecutive Business Days.

Directors means some or all of the directors of the Issuer acting as a board.

Early Redemption Notice means a notice given by the Issuer to the Trustee under clause 5.2(b)(i).

Event of Default means the happening of any event set out in clause 8.

Face Value means the nominal principal amount of each Note, being $100.

Financial Adviser means an independent financial adviser, holding a relevant Australian Financial Services Licence, appointed by the Issuer and approved in writing by the Trustee or, if the Issuer fails to make such appointment and such failure continues for a reasonable period (as determined by the Trustee), appointed by the Trustee following notification to the Issuer.

Financial Indebtedness means any actual or contingent debt or other monetary liability arising in respect of money borrowed or raised or any financial accommodation provided, including in respect of any:

(a) bill of exchange, bond, debenture, note or similar instrument;

(b) acceptance, endorsement or discounting arrangement;

(c) Guarantee granted by a financial institution guaranteeing the payment of a debt (the guaranteed debt), in which case the guaranteed debt will not be included;

(d) finance lease;

(e) obligation to deliver goods or provide services paid for in advance by any financier or in relation to any other financing transaction;

(f) cash advance; or

(g) deferred purchase price (for more than 90 days) of an asset or service,

but excluding (for the avoidance of doubt) in respect of any operating lease. Where these Terms require the amount of any Financial Indebtedness to be determined or calculated, for Financial Indebtedness comprising a swap, option, hedge, forward, futures or similar transaction which is subject to netting, the net (and not the gross) amount payable by the relevant party will be counted.

Governmental Agency means a government or a governmental, semi-government, administrative, fiscal or judicial body, department, commission, authority, tribunal, agency or entity.

Guarantee means a guarantee, indemnity, letter of credit, letter of comfort having binding effect or any other obligation or irrevocable offer:

(a) to provide funds (whether by the advance or payment of money, the purchase of or subscription for shares or other securities, the purchase of assets or services, or otherwise) for the payment or discharge of;

(b) to indemnify any person against the consequences of default in the payment of; or

(c) to be responsible for,

an obligation or monetary liability of another person, distribution, or the solvency or financial condition of another person.

Holder means, in respect of a Note, the person from time to time whose name is entered on the Register as the holder of that Note.

Holders Resolution means a resolution passed at a meeting duly called and held (or by postal ballot) in accordance with the Meeting Provisions and:

(a) carried by a majority consisting of greater than 50% of the persons voting at the meeting on a show of hands;

(b) if a poll is duly demanded, by a majority of the votes cast by the Holders present at the meeting in person, by attorney, by proxy or by representative and entitled to vote; or

(c) if the meeting is by postal ballot, by a majority consisting of the Holders representing greater than 50% of the Face Value of all of the Notes.

Insolvency Event occurs in relation to a body corporate if:

(a) it is (or states that it is) insolvent (as defined in the Corporations Act); or

(b) it has a controller (as defined in the Corporations Act) appointed, or is in receivership, in receivership and management, in liquidation, in provisional liquidation, under administration or wound up or has had a receiver appointed to any part of its property; or

(d) it is subject to any arrangement, assignment, moratorium or composition, protected from creditors under any statute, dissolved (in each case, other than to carry out a reconstruction or amalgamation while solvent on terms approved by the creditors); or

(e) an Application or order has been made (and, in the case of an Application, it is not stayed, withdrawn or dismissed within 30 days), resolution passed, proposal put forward, or any other action taken, in each case in connection with that person, which is preparatory to or could result in any of (a), (b) or (c) above; or

(f) it is taken (under section 459(F)(1) of the Corporations Act) to have failed to comply with a statutory demand; or

(g) it is otherwise unable to pay its debts when they fall due; or

(h) something having a substantially similar effect to (a) to (f) happens in connection with it under the law of any jurisdiction.

Interest means the interest payable from time to time in respect of a Note, including interest payable under in clause 3.1 and, as applicable, default interest payable under clause 3.3.

Interest Payment Date means, in respect of a Note:

(a) each 31 March and 30 September during the term of the Note, with the first Interest Payment Date being 31 March 2015;

(b) the Conversion Date (if the Issuer elects not to include the Interest accrued but unpaid on the Note in the Conversion Amount);

(c) the Maturity Date; and

(d) any Redemption Date.

Interest Period means, for a Note, each period beginning on (and including) an Interest Payment Date and ending on (but excluding) the next Interest Payment Date. However:

(a) the first Interest Period commences on (and includes) its Issue Date; and

(b) the final Interest Period ends on (but excludes) the Maturity Date, Conversion Date or the Redemption Date.

Interest Rate means, in respect of an Interest Period for a Note, 5.5% per annum

Issue Date means, in respect of a Note, the date on which that Note is issued.

Issuer means Contango MicroCap Limited ABN 47 107 617 381.

Limited Recourse Debt means Financial Indebtedness incurred or owed by one or more entities (including a trust) for or in respect of the purchase, construction, development or operation of an asset or assets where the financier's recourse is limited to those assets (or the income or cashflow from those assets) or shares or units issued by that entity or those entities and the financier otherwise has no Guarantee from any other member of the Contango Group or any security over any other assets of the Contango Group.

Maturity Date means 31 March 2020.

Meeting Provisions means the rules relating to meetings of Holders contained in Schedule 2 to the Trust Deed.

Member or **Shareholder** means a person entered in the register of members as a member, for the time being, of the Issuer.

Minimum Holding Event means, in respect of the Notes, that, at any time, the aggregate Face Value of the Notes that have not been Redeemed or subject to a Conversion Notice is less than 10% of the aggregate Face Value of the Notes originally issued on the Issue Date.

Note means a debt obligation denominated in Australian dollars and issued, or to be issued, by the Issuer which is constituted by, and owing under, the Trust Deed, the details of which are recorded in, and evidenced by, entry in the Register.

Permitted Security Interest means, in relation to a member of the Contango Group, as the case may be, any of the following:

(a) liens, rights of retention and statutory charges arising by operation of law in the ordinary course of business where the related indebtedness is not more than 60 days overdue or is being contested in good faith and appropriately provisioned;

(b) any Security Interest over the assets of a member of the Contango Group where:

(i) such member became a Subsidiary of the Issuer after the date of the Trust Deed and such Security Interest was not created in contemplation of that member becoming a Subsidiary of the Issuer; and

(ii) the money secured by that Security Interest is paid or repaid either in accordance with the terms applicable to such payment as those terms were in effect at the time the member of the Contango Group became a Subsidiary of the Issuer or at such earlier time as that member elects;

(c) any Security Interest for Limited Recourse Debt; and

(d) any other Security Interest not referred to in sub-paragraphs (a) to (d) above provided the aggregate value of assets subject to such Security Interests is not more than 10% of the Total Equity.

Record Date means, in relation to any payment to be made under or in respect of the Notes:

(a) subject to sub-paragraphs (b) and (c), the date which is e**ight calend**ar days before the applicable due date for payment; or

(b) such other date as is determined by the Issuer in its absolute discretion, and communicated to ASX not less than eight calendar days before the record date which would have been determined under paragraph (a) above; or

(c) such other date as may be required by, or agreed with, ASX.

Redemption means the redemption of a Note in accordance with clause 5 and the words **Redeem**, **Redeemable** and **Redeemed** bear their corresponding meanings.

Redemption Date means, in respect of a Note, the date, other than the Maturity Date, on which the Note is Redeemed;

Register means the register of Holders (established and maintained under clause 16 of the Trust Deed) and, where appropriate, the term **Register** includes:

(a) a sub-register maintained by or for the Issuer under the Corporations Act, the Listing Rules or ASX Settlement Operating Rules; and

(b) any branch register.

Registrar means Computershare Investor Services Pty Ltd ACN 078 279 277 or any other person appointed by the Issuer (with such appointment notified to the Trustee) to maintain the Register and perform any payment and other duties as specified in that agreement.

Regulatory Event means, in the opinion of the Directors (having obtained an opinion from a reputable legal or accounting adviser):

(a) there is more than an insubstantial risk that the Issuer will be exposed to additional costs or the imposition of additional requirements which the Directors determine at their sole discretion to be unacceptable, as a result of the occurrence of any of the following on or after the Issue Date:

(i) the introduction, enactment, amendment, change, repeal, replacement or revocation of an applicable standard or regulation affecting the accounting treatment of the Notes;

(ii) the introduction, enactment, amendment, change, repeal, replacement or revocation of any law or regulation affecting the Notes or any action required to be taken by the Issuer under these Terms or the Trust Deed; or

(iii) any pronouncement, action or decision of a Governmental Agency or ASX interpreting or applying any law or regulation or the ASX Listing Rules; or

(b) there is more than an insubstantial risk that the Issuer would be exposed to more than a de minimis increase in its costs (including, but not limited to, increased taxes, duties or other governmental charges or civil liabilities and/or the loss or reduction of any tax deduction available to the Company in connection with the payment of Interest on the Convertible Notes) as a result of the occurrence on or after the Issue Date of:

(i) any amendment to, clarification of, or change (including any announced prospective change), in the laws or treaties or any regulations of Australia or any political subdivision or taxing authority of Australia affecting taxation;

(ii) any judicial decision, official administrative pronouncement, published or private ruling, regulatory procedure, notice or announcement (including any notice or announcement of intent to adopt such procedures or regulations) (Administrative Action); or

(iii) any amendment to, clarification of, or change in the pronouncement that provides for a position with respect to an Administrative Action that differs from the current generally accepted position, in each case, by any legislative body, court, governmental authority or regulatory body, irrespective of the manner in which such amendment, clarification, change or Administrative Action is made known.

Related Body Corporate has the meaning given in the Corporations Act.

Relevant Trust or Scheme means a trust, managed investment scheme or other comparable arrangement in respect of which moneys have been raised from the public or that has otherwise been established bona fide for or with a view to, and in which there are, investors, beneficiaries, objects of trust or other scheme participants external to the Contango Group (including any sub-trust or other Subsidiary of such a trust, managed investment scheme or other comparable arrangement), other than a trust, managed investment scheme or other comparable arrangement in which an entity of the Contango Group (that is not a Relevant Trust or Scheme or acting in the capacity of trustee or responsible entity of a Relevant Trust or Scheme) has a Controlling Interest of more than 50%.

Restriction Agreement means an agreement which is required to be concluded under Chapter 9 of the ASX Listing Rules or in voluntarily concluded between the Issuer and one or more Holders.

Restricted Securities has the same meaning as in the ASX Listing Rules and extends to Notes which are subject to voluntary restrictions by agreement between the Issuer and one or more Holders;

Security Interest means any mortgage, pledge, lien or charge or any security or preferential interest or arrangement of any kind or any other right of, or arrangement with, any creditor to have its claims satisfied in priority to other creditors with, or from the proceeds of, any asset, including any retention of title other than in the ordinary course of business and any charge or lien arising by operation of law.

Shares means an ordinary share in the capital of the Issuer.

Special Resolution means:

(a) a resolution passed at a meeting of the Holders duly called and held under the Meeting Provisions:

(i) by at least 75% of the persons voting on a show of hands (unless paragraph (b) below applies); or

(ii) if a poll is duly demanded, then by a majority consisting of at least 75% of the votes cast; or

(b) a resolution passed by postal ballot or written resolution by Holders representing (in aggregate) at least 75% of the principal amount then outstanding of all of the Notes.

Subsidiary has the meaning given in the Corporations Act, but an entity will also be taken to be a Subsidiary of an entity if it is controlled by that entity (as defined in section 50AA of the Corporations Act) and, without limitation:

(a) a trust may be a Subsidiary, for the purposes of which a unit or other beneficial interest will be regarded as a share; and

(b) an entity may be a Subsidiary of a trust if it would have been a Subsidiary if that trust were a corporation.

For the avoidance of doubt, no Relevant Trust or Scheme is or will be deemed to be a Subsidiary of a member of the Contango Group.

Tax means any tax, levy, impost, charge, rate, withholding or duty (including stamp and transaction duties) levied or imposed by any Governmental Agency together with any related interest, penalties, fines and expenses in connection with them. It includes GST.

Terms means, in relation to a Note, the terms and conditions of issue of that Note (as set out in Schedule 1 to the Trust Deed);

Total Equity means the total member equity from time to time of the Contango Group on a consolidated basis (as set out in the latest Balance Sheet);

Trustee means the person from time to time acting as the trustee of the trust constituted by th**e Trust** Deed (acting in that capacity), initially being Equity Trustees Limited ACN 004 031 298;

Trust Deed means the trust deed entitled 'Trust Deed for the Contango Note Trust' between the Issuer and the Trustee and dated on or about 27 November 2014.

VWAP means the average of the daily volume weighted average sale prices of the Shares sold on ASX during the period specified in these Terms, excluding any transaction defined in the ASX Operating Rules as 'special', crossings prior to the commencement of normal trading, crossings during the after hours adjust phase and any overseas trades or exchange traded option exercises, subject to the following adjustments:

(a) where, on some or all of the Business Days in the relevant period, Shares have been quoted on ASX as cum dividend or cum any other distribution or entitlement which is not extended to the Holder, and the Notes will convert into Ordinary Shares after the date those Shares no longer carry that entitlement, then the VWAP on the Business Days on which those shares have been quoted cum dividend, or cum any other distribution or entitlement shall be reduced by an amount (Cum Value) equal to:

    (i) in the case of a dividend or other distribution, the amount of that dividend or distribution (with no value included for any franking credits);

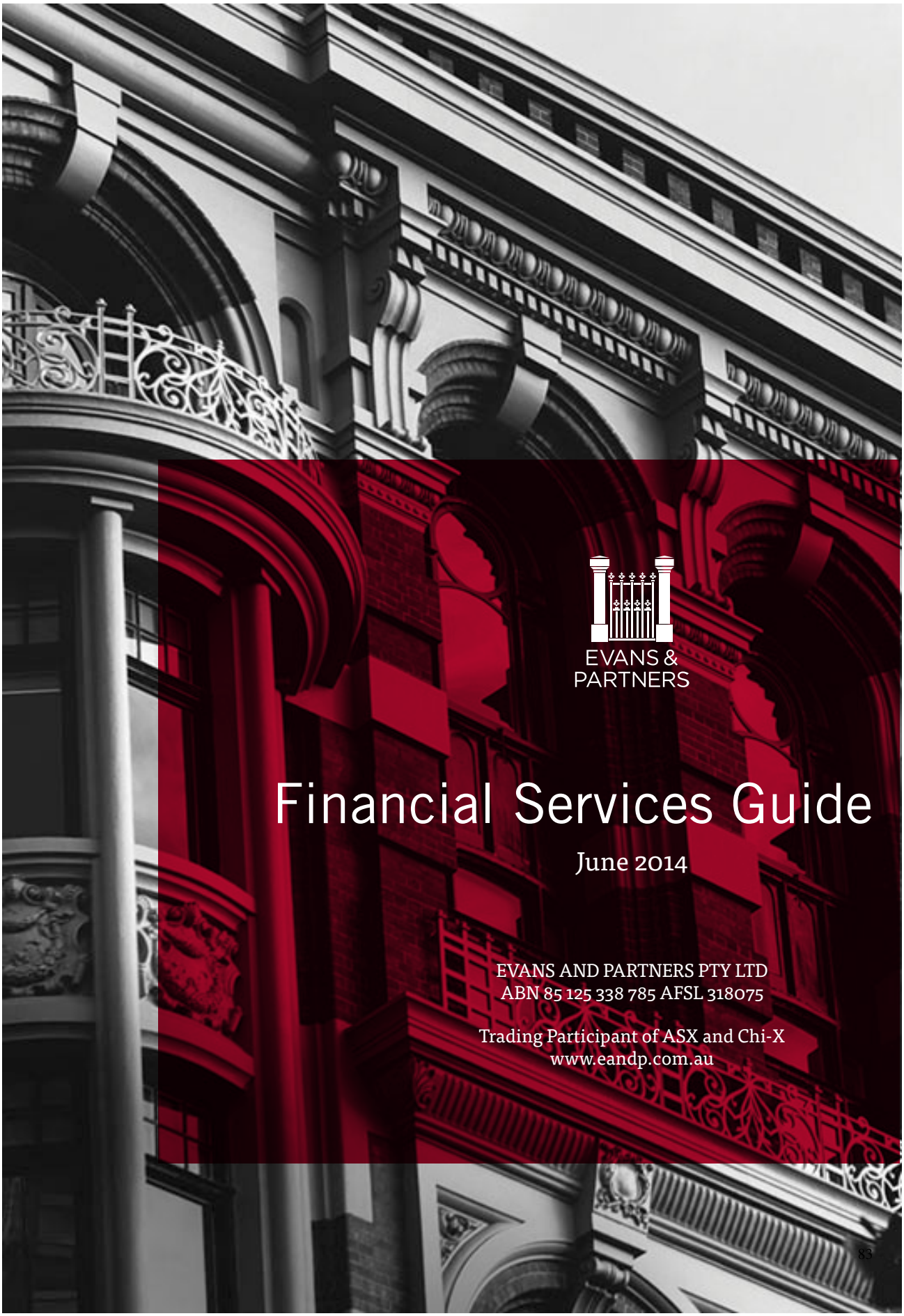
    (ii) in the case of an entitlement which is traded on ASX on any of those Business Days, the volume weighted average price of all such entitlements sold on ASX during the relevant period on the Business Days on which those entitlements were traded; or

    (iii) in the case of an entitlement not traded on ASX during the relevant period, the value of the entitlement as reasonably determined by the Directors; and

(b) where, on some or all of the Business Days in the relevant period, Shares have been quoted ex dividend, ex distribution or ex entitlement, and Notes will convert into Ordinary Shares which would be entitled to receive the relevant dividend, distribution or entitlement, the VWAP on the Business Days on which those Shares have been quoted ex dividend, ex distribution or ex entitlement shall be increased by the Cum Value.

Winding Up means in respect of a person the appointment of a liquidator or provisional liquidator of that person (and where the appointment is made by a court, by a court of competent jurisdiction in Australia).

8. Financial Services Guide – Authorised Intermediary



Financial Services Guide

EVANS & PARTNERS

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1. Glossary of terms

ASX Clear

ASX Clear Pty Limited, ABN 48 001 314 503.

Adviser

your Evans and Partners financial adviser.

Asset based fee

A fee, excluding brokerage fees, for providing financial product advice to the extent that the calculation of the fee is dependent upon the amount of funds used or to be used to acquire financial products

ASX

ASX Limited ABN 98 008 624 691 or the financial market operated by it, as the context requires.

Chi-X

Chi-X Australia Pty Ltd ABN 47 129 584 667 or the financial market operated by it, as the context requires.

Corporations Act

The Corporations Act 2001 (Cth).

Evans and Partners, EaP

Evans and Partners Pty Ltd, ABN 85 125 338 785; AFSL No 318075.

Linear

Linear Asset Management Limited ABN 119 757 596
AFSL 305 542

Managed Accounts, Evans and Partners Managed Accounts,MDA

Evans and Partners Managed Accounts ARSN 128 111 857 a registered managed investment scheme of which Linear is the responsible entity and that is available to EaP client under arrangements between EaP and Linear.

Ongoing Fee Arrangement

An arrangement (where personal advice is given to you) that you make with EaP or your Adviser to pay fees for services that we provide to you on an ongoing basis for a period of more than 12 months.

Opt in Code

Opt In Code means a code of conduct as approved by ASIC for the purposes of section 962CA of the Corporations Act.

PDS

Product Disclosure Statement.

Pershing

Pershing Securities Australia Pty Ltd ABN 60 136 184 962
AFSL No. 338 264

Quoted

Refers to financial products that re, or will be, quoted on an exchange (such as ASX or ChiX).

We, us or our

Evans and Partners.

2. Purpose and content of this Financial Services Guide

This Financial Services Guide (FSG) is an important document. You should read it carefully and make sure you understand it.

This FSG:

(a) is provided by Evans and Partners;

(b) was prepared on and is dated [1 July 2012] and is made up of a number of equally important sections. Each of those sections is listed in the table of contents above;

(c) was prepared to inform you about:

  (i) who we are;
  (ii) the services we provide;
  (iii) the remuneration that may be paid to us and other persons in relation to the financial services we provide;
  (iv) the relationships and associations we have; and
  (v) how complaints against us are dealt with; and

(d) is intended to assist you in deciding whether or not to use the services which we provide as described in this FSG.

3. Who is Evans and Partners

Evans and Partners has been established as an Australian investment house that provides a broad range of investment, advisory and execution services to a diversified client base of private and institutional investors.

Evans and Partners is a Trading Participant of ASX and Chi-X and is the holder of an Australian Financial Services Licence authorising it to provide the financial services described below in section 4.

Our contact details are as follows:

Evans and Partners Pty Ltd
ABN 85 125 338 785 AFSL No 318075
Mayfair Building, 171 Collins Street
Melbourne Victoria 3000
P +61 3 9631 9888
F +61 3 8610 1608
EMAIL info@eandp.com.au
WEB eandp.com.au

4. The services and products we can provide

4.1 Financial product advice

Our Australian Financial Services Licence authorises our representatives to provide advice in the following financial services and financial products:

- basic deposit products;
- non-basic deposit products;
- derivatives;
- foreign exchange contracts;
- government debentures, stocks or bonds;
- interests in managed investment schemes including investor directed portfolio services and MDA services ;
- securities; and
- standard margin lending facilities
- superannuation, on behalf of both wholesale and retail clients.

4.2 Dealing in financial products

Authorisation

Our Australian Financial Services Licence authorises our representatives to deal (including arranging to deal) in the following financial services and financial products:

- basic deposit products;
- non-basic deposit products;
- foreign exchange contracts
- derivatives;
- government debentures, stocks or bonds;
- interests in managed investment schemes including investor directed portfolio services and MDA services;
- securities;
- standard margin lending facilities; and
- superannuation, on behalf of both wholesale and retail clients

We are also authorised to issue interests in MDA Services.

Evans and Partners is a Trading Participant of ASX and Chi-X and provides services in relation to the execution of transactions in financial products quoted on both markets.

Clients are able to effect transactions in quoted financial products by communicating an order to Evans and Partners.

If your order relates to the purchase of a warrant or a partly paid security, you will be required to enter into a warrant client agreement and/or partly paid securities client agreement with Evans and Partners before we are able to execute the transaction for you.

If your order relates to an exchange traded option or other derivative, you will be required to enter into a derivatives client agreement with Pershing before we are able to arrange for Pershing to execute the transaction for you.

Before accepting an order from a retail client, we must disclose to clients how we handle and execute your orders as required under the ASIC Market Integrity (Competition in Exchange Markets) Rules, as amended from time to time. This disclosure is set out in our Best Execution Policy, a copy of which is available on our website (www.eandp.com.au/disclosures). We are also required to provide a copy of our Best Execution Policy to clients when requested, within a reasonable time of the request.

If we make a material change to our Best Execution Policy we will also provide a summary of any such changes as practicable after the change occurs.

Best Execution

As a Participant of both ASX and Chi-X Australia, Evans and Partners has an obligation to obtain the best outcome for its clients when handling or executing client orders to buy and sell equity market products. This section sets out how Evans and Partners meets its best execution duty.

Best Outcome – Retail Clients

For Retail Clients, we will take reasonable steps to obtain for you the best total consideration in respect of your order, where total consideration means:

(a) (Buy Order) the purchase price paid by the client (unit price multiplied by volume), plus transaction costs; and

(b) (Sell Order) the sale price received minus transaction costs.

Transaction costs include execution costs (including brokerage) as well as clearing and settlement costs.

Best Outcome – Wholesale Clients

For a Wholesale Client, obtaining the best outcome for your order(s) includes considerations such as:

- the price of the equity market product;
- transaction costs (such as brokerage) or other costs including clearing and settlement costs;
- speed of execution;
- order size and likelihood or execution;
- available order books/ markets;
- market conditions; and
- any other factor which we consider relevant.

Client Instructions

We will apply our Best Execution policy set out in this document in relation to orders that we receive from

you and execute on your behalf. However, you may provide us with different instructions in relation to an order, on an order by order basis (Specific Instructions) or on an ongoing basis (Standing Instructions - available to Wholesale Clients only) in relation to such matters as:

- speed of execution;
- obtaining execution certainty;
- choice of market (where available); and
- minimising market impact.

Specific Instructions

Where you provide us with a Specific Instruction in relation to an Order, we will take reasonable steps to satisfy your instructions. To the extent that Specific Instructions do not deal with all aspects of execution, we will apply this Best Execution policy in handling your order. Where you wish to provide us with Specific Instructions, we require that instruction to be clear and unambiguous as well as in writing (whether that be printed or in electronic form, such as an email). To the extent that your Specific Instructions do not satisfy these requirements, we will execute your order(s) by applying this policy and taking reasonable steps to achieve the best total consideration or best price, as applicable.

Standing Instructions

If you are a Wholesale Client you can provide us with a Standing Instruction regarding how we are to treat your orders, including instructions to opt-out of our Best Execution Policy. Such instructions must be provided to us in writing and will not take effect until they are

confirmed back to you by an Evans and Partners representative. Retail clients cannot provide us with Standing Instructions with respect to their orders (but may wish to provide with Specific Instructions per above). If you are a Wholesale client and provide us with Standing Instructions regarding how we are to manage your order(s), we will periodically review those instructions to ensure that they remain valid and appropriate for you. Note that where you provide us with instructions that are inconsistent with us obtaining the best outcome for you, Evans and Partners must take reasonable steps to handle and execute the Order(s) the subject of those instructions in a way that satisfies them and, as a result, may not achieve the best available outcome for you.

Execution Venues/ Order Books

Evans and Partners is able to execute orders of ASX listed securities on the following order books:

- ASX TradeMatch (ASX Central Limit Order Book);
- ASX CentrePoint;
- ASX Purematch; and
- Chi-X Australia

How we handle your order

Evans and Partners utilises a smart order router which directs orders to an available order book in accordance with the current routing policy, or in accordance with your directions where you have provided us with Specific or Standing Instructions. Generally we place the most emphasis on achieving the best available price for you at the time of order placement (subject to any Specific or Standing Instructions you have previously given us). In some circumstances, (for example, where your order may be advantageously consolidated or matched with another order with the same attributes), we may seek to fill orders through other matching mechanisms, such as:

- Block Trades;
- Large Portfolio Trades;
- Trades At or Within the Spread;
- Permitted Trades during the Post-Trading Hours Period;
- Permitted Trades during the Pre-Trading Hours Period; and
- Out of Hours Trades.

Evidence of Best Execution; Review and updates

On receipt of a reasonable request, we will provide you with evidence that your order has been executed in accordance with our Best Execution Policy. On receipt of such a request we will advise you of the estimated time to provide the necessary information. Evans and Partners will periodically review and monitor its Best Execution procedures, practices and connections to other execution venues. Where appropriate, we will review and make changes to our Best Execution Policy, and related policies. Whenever a material change to this Policy occurs we will notify you by posting the updated Policy on our website at www.evansandpartners.com.au.

4.3 Evans and Partners Private Wealth Services

Investment Reporting

Your Adviser will formally review your portfolio periodically in consultation with you as part of our ongoing commitment to providing you with advice specific to your own investment objectives, timeframe, tolerance for risk and other requirements.

Investment Strategy Briefings

Our clients will be given the opportunity to attend investment strategy briefings from time to time with our Head of Research and other analysts where appropriate.

Online Reporting

Evans and Partners clients have access to a selection of reports through the Evans and Partners website and dedicated smartphone and tablet apps.

4.4 Evans and Partners Portfolio Service

The Evans and Partners Portfolio Service gives you access to an administration and tax reporting service to complement the advice provided by your Adviser. This is an optional extra service that is available to you if you pay a fee based on a percentage of the value of assets under management. The annual tax report prepared as part of the Evans and Partners Portfolio Service provides a summary of income and distributions received from your portfolio as well as a summary of realised and unrealised capital gains. Our reports are designed to help you and your tax Adviser efficiently manage capital gains tax events.

The additional services available in the Evans and Partners Portfolio Service include:

End of Financial Year Tax Reporting

Your reports will also provide useful tax information including capital gains tax information, income reporting and portfolio performance reporting. Our reports are designed to help you and your tax Adviser efficiently manage year end tax compliance.

Enhanced Online Reporting

Our Portfolio Services clients will receive additional features on their online reporting platforms:

- enhanced portfolio valuation
- access to capital gains tax information, including realised and \ unrealised reports
- income transactions
- cash transactions for linked cash accounts

Mailbox service

The Evans and Partners Portfolio Service is not a custodial service - all assets are retained the name of the investing entity. However it does provide a mailbox service where all mail relevant to your portfolio will be collected on your behalf with retained copies of all correspondence relating to your Investments. Corporate actions will be actioned in accordance with your instructions and lodged with the relevant security registries. Banking instructions for dividends will be provided to security registries as will Tax File Numbers. This will result in a reduction in the time you spend on administering your portfolio, allowing you and your adviser to focus instead on investment strategy and execution.

Further information on the Evans and Partners Portfolio Service can be found in Schedule 1 of the Evans and Partners Terms and Conditions.

4.5 Evans and Partners Managed Accounts

Evans and Partners Managed Accounts is a registered managed investment scheme ARSN 128 111 857 that enables investors to select and invest in model portfolios constructed by Evans and Partners. Linear is the responsible entity of the scheme and issuer of interests in the scheme. Linear has appointed Evans and Partners as a distributor.

If you invest in one or more model portfolios through Managed Accounts, you will have the benefit of an administration and reporting platform provided by Linear together with a beneficial interest in assets that are held custodially on your behalf and managed on a discretionary basis in accordance with the investment strategy of the relevant model portfolio(s) and in accordance with advice given to Linear by Evans and Partners.

Offers to invest in Evans and Partners Managed Accounts are made in the current PDS for Evans and Partners Managed Accounts. The PDS can be obtained from Evans and Partners and should be considered before in deciding whether to acquire or hold an interest in Evans and Partners Managed Accounts.

5. Who is your Adviser?

Your Adviser is a representative of and acts on behalf of Evans and Partners.

Your Adviser has met the educational requirements and continuous professional development requirements to be a financial Adviser.

6. When we give advice will you receive a written record?

When we give retail clients personal advice, a Statement of Advice may be issued to record the basis and rationale for our advice.

If we issue a Statement of Advice it should reflect our understanding of your personal circumstances, your investment goals and our views on specific investment products. The Statement of Advice will also include disclosure of potential conflicts of interest we may have in dispensing our advice.

Where you maintain your advisory relationship with Evans and Partners, a Statement of Advice is generally not provided for further advice situations provided that your personal circumstances and the basis for our advice are not significantly different from the relevant personal circumstances and basis for our advice prevailing at the time of our earlier advice. In this case, if we don't provide a Statement of Advice, you may still request a record of further advice, where we have not already given you one. To request a record of further advice, contact your Evans and Partners Adviser (see contact details above). You have 7 years to request a record of further advice.

In general we must provide you with the Statement of Advice the first time we provide you with personal advice about each type of financial product or when there has been a significant change in your circumstances.

If you want us to provide personal advice to you, it is imperative you provide us with all information regarding your financial situation, investment objectives and particular needs in response to our enquiries. Providing us this information will help us comply with our obligations to act in your best interests and to provide you with advice that is appropriate for you having regard to the scope of the personal advice you require. We also encourage you to notify Evans and Partners of any relevant new information or material changes in your circumstances so we can assess the appropriateness (or otherwise) of your prevailing investment strategy.

You have the right not to divulge information to your Evans and Partners Adviser; however, this may affect the ability of your Evans and Partners Adviser to give you appropriate advice. If you receive advice based on incomplete or inaccurate information regarding your personal circumstances, you should consider the suitability of the advice before acting on it.

7. Product Disclosure Statements (PDS)

If we give you advice in relation to investing in certain financial products such as managed funds, exchange traded options or superannuation products and you are a retail client, we must provide you with a PDS. The PDS contains information about the particular product including the features benefits, fees and risks associated with the product to enable you to make an informed decision regarding the investment. In some instances a prospectus may be issued rather than a PDS.

8. Transaction instructions

You may instruct us to transact on your behalf by telephone, email, letter, facsimile, subject to the terms of any agreement with you relating to the nature of your instructions.

Evans and Partners will provide execution services for transactions in financial products executed through ASX or Chi-X for our clients.

We have appointed Pershing to provide the following services to our clients:

- clearing services for transactions in securities and managed investment products executed through ASX or Chi-X for our clients;
- execution and clearing services for transactions in all derivatives (such as Exchange Traded Options) executed through ASX for our clients;
- settlement services for transactions executed by, or on behalf of, our clients;
- sponsorship services; and
- nominee and other custody services for our clients.

If you require the above services to be provided, you will also need to become a client of Pershing. Evans and Partners will arrange for the provision of the Pershing FSG and any other disclosures which contain further information about the services provided by Pershing to you and the terms and conditions on which those services are provided.

In arranging for Pershing to provide these services to you, Evans and Partners will act as your agent, not as the agent of Pershing (although it may act as agent of Pershing in some limited respects (such as the execution on behalf of Pershing of any agreement between you and Pershing).

9. Fee Disclosure Statements and Renewal Notices

If we give you personal advice and you enter into an Ongoing Fee Arrangement with EaP and your Adviser with respect to services to be provided to you in circumstances where fees are payable to us on an ongoing basis for a period exceeding 12 months, if required by law we will give you:

- an annual fee disclosure statement that includes information required by law including an explanation of the services you are entitled to receive, the services that you have received and the fees paid under the Ongoing Fee Arrangement during the previous 12 month period; and
- a renewal notice that asks you if you wish to renew the Ongoing Fee Arrangement and includes other statements as required by law every two years or such other period that is permitted under an Opt In Code by which Evans and Partners and its Advisers may be bound.

Trust Accounts

Where we are required to hold funds for you in our trust account we will retain any interest paid.

10. How we handle complaints

We encourage you to refer any complaints (including concerns about our complaints handling or any other matters that cause you dissatisfaction) to your Adviser in the first instance by any means that you usually use to contact your Adviser. Your Adviser will acknowledge your complaint promptly on receipt and seek to respond within 5 business days. If:

- you are dissatisfied with the response from your adviser, or,
- the adviser has not responded within 5 business days, or,
- you do not wish to raise your complaint with your adviser

Then please write to:

Compliance Officer
Evans and Partners Pty Ltd
MAIL PO Box 24394
Melbourne Victoria 3001

When the Compliance Officer receives a written complaint from you:

- we will initially respond with a written acknowledgement immediately or as soon as practicable after your complaint is received; and
- then, unless we resolve your complaint to your satisfaction within 5 business days, we will provide a final response in writing to all matters raised by the complaint within 45 days (although we generally aim to provide our response within 30 days).

If you are not satisfied with our response and wish to proceed further you may have the right to take your complaint to an independent complaints resolution body:

Financial Ombudsman Service
MAIL GPO Box 3
Melbourne Vic 8007
Telephone 1300 780 808
Facsimile +61 3 9913 7345
Web www.fos.org.au
Email info@fos.org.au

You can also lodge your complaint with the Australian Securities and Investments Commission (ASIC) by calling 1300 300 630.

If your complaint relates to a service provided to you by Pershing, we ask that you seek to have your complaint dealt with in the manner set out in the Pershing FSG.

11. Compensation arrangements/ Professional Indemnity Insurance

Evans and Partners has in place Professional Indemnity Insurance which Evans and Partners considers is adequate to meet the requirements of Section 912B of the Corporations Act (relating to Retail Client compensation arrangements) having regard to:

- the volume and types of business carried on by it, the number and types of its clients, the number of its representatives; and
- any particular or potential claims that may arise pursuant to our participation in external dispute resolution schemes, including the FOS scheme.

The Professional Indemnity Insurance will cover claims in relation to the conduct of representatives/employees who no longer work for us but who were representatives/employees of Evans and Partners at the time of the relevant conduct.

12. In what capacity do we act?

In providing the services described in this FSG, Evans and Partners and Pershing are acting as principal, except in the following circumstances:

- when Evans and Partners gives you personal advice, it acts for you in accordance with the duties it has to you;
- when Evans and Partners executes a transaction (or arranges for a transaction to be executed) for a client, it acts as agent for the client;
- when Pershing clears a transaction executed through ASX or Chi-X for a client, it acts as agent for the client, although it will owe the settlement obligations in respect of that transaction to ACH as principal; or
- when Linear arranges a dealing on the client's behalf it acts as the agent of the client.

13. Relationships and associations

Neither Evans and Partners, nor any of its related bodies corporate, nor any of its authorised representatives, have any ownership links with any financial product issuer that could be expected to influence us.

We may provide financial product advice and execution services in conjunction with external financial planners. These external financial planners may be paid part of the fees we charge for our services provided we have no reason to believe that the remuneration is conflicted remuneration. The amount they receive is negotiated with each respective financial planning organisation.

Fund managers or other financial organisations may pay us commission for referring investors to them. We will advise you of the fees we receive from these relationships if they are relevant to your situation.

We may also have relationships with corporate issuers of financial products. We will advise you of these relationships when providing financial product advice, if we are permitted by law to do so. This will allow you to assess whether you believe you are receiving appropriate advice which is impartial.

We do not act as an agent of Pershing other than in providing to you the Pershing FSG and other disclosures about the services provided by Pershing as described in this FSG. We do not act as a representative of Pershing.

We have agreements with Linear in relation to the provision by Linear of mailbox services and the badging and distribution of Evans and Partners Managed Accounts. We also have an agreement with Linear in relation to the investment management of model portfolios made available through Evans and Partners Managed Accounts.

14. Remuneration and other benefits

14.1 General

Our fees are set out in this part of this FSG. The fees quoted include GST (unless otherwise stated). We reserve the right to change these fees at any point in the future.

We recommend that you seek advice from a professional tax agent who can provide advice in relation to the tax deductibility of any fees that we charge.

If we provide you with a Statement of Advice in relation to personal advice, and our remuneration (including commission) and other benefits:

(a) are calculable at the time the personal advice is given, the remuneration (including commission) and other benefits we receive on specific financial products to which the personal advice relates; or

(b) are not calculable at that time, the manner in which that remuneration (including commission) and other benefits are to be calculated,

will be disclosed at the time the personal advice is given or as soon as practicable after that time.

Our services are provided to you on the terms and conditions that apply in relation to the provision of the relevant services.

14.2 How we are paid for our services

Generally, our remuneration takes the form of:

- brokerage which we charge investors when we buy or sell securities or other financial products for them;
- fees charged at a fixed rate for services provided;
- fees based on the value of an investor's funds under management; and/or
- initial and ongoing commission paid to us by product and service providers, for referring investors to them.

More detailed information about the services we provide and the fees we charge with respect to those services and how our Advisers are remunerated are set out below.

In relation to the information below, in the case of retail clients to whom Evans and Partners gives financial product advice, Evans and Partners will ensure that any such fees could not reasonably influence any financial product advice given or that they are only paid or received in circumstances where an exemption applies to the prohibition on the payment or receipt of conflicted remuneration. For example, exemptions apply in relation to certain brokerage and stamping fees and extend to amounts EaP passes on to your Adviser.

To the extent that we give you financial product advice and our fees are Asset based fees they will not be charged on borrowed amounts used to acquire assets in relation to which the fee is calculated (unless it is not reasonably apparent to us that an amount has been borrowed).

14.3 How our advisers are paid

Our financial Advisers are paid a salary and a variable component based on revenue. The variable component is determined by the level of fees received by Evans and Partners. As a general rule, our financial Advisers can receive between 0% and 60% of the fees Evans and Partners receives.

For some products and services, you may be requested to provide your consent for EaP to pass through to your adviser a portion of the fees you pay to EaP.

14.4 Evans and Partners Private Wealth Transactional Service

Our transactional service provides clients with financial product advice that considers the client's objectives, financial situation and needs. For transactional clients our standard brokerage rates for each purchase or sale of quoted financial products is a tiered percentage of the purchase or sale price, subject to minimum of $125 (excluding GST). Our transactional service is also subject to a $2000 (excluding GST) annual retainer, however it is negotiable at the family group level. The standard tiered percentage brokerage rates (excluding GST) per transaction are:

- 2.0% first $50,000
- 1.5% next $50,000
- 1.0% over $100,000

Your Adviser will receive between 0% and 60% of the brokerage received by EaP.

14.5 Evans and Partners Private Wealth Portfolio Service

The Evans and Partners portfolio service is charged on the basis of one or more of the following:

- an annual portfolio fee which is payable quarterly in arrears and calculated by references to the average daily value of your portfolio over the relevant quarter; or
- a fixed annual fee to be paid in equal quarterly instalments; and possibly
- an exit fee if you elect to cease to be a Full Service Client within 12 months of becoming a Portfolio Service Client. EaP will negotiate with you the applicable fees and rates at the time you elect to become a Full Service client.

These fees are automatically deducted from the cash account that relates to your account. These fees are received by EaP and your Adviser will receive between 0% and 60% of this fee.

Some portfolio services clients may also pay transaction costs if that forms part of the agreement with your Adviser. The applicable rates will be detailed in Schedule 6 of the Evans and Partners' Terms and Conditions.

14.6 General Advice Service

Our General Advice service provides advice that has not considered any of your personal circumstances. For General Advice clients our standard brokerage rates for each purchase or sale of listed securities is a flat 1.0% (excluding GST), subject to minimum of $125 (excluding GST). Your Adviser will receive between 0% and 60% of the brokerage received by EaP.

14.7 Off Market Share Transfer

A fee may be applicable for each off market share transfer (for quoted products).

14.8 Evans and Partners Managed Accounts

Investments in the Evans and Partners Managed Accounts are made in accordance with the current PDS for Evans and Partners Managed Accounts. The PDS can be obtained from Evans and Partners and sets out the various fees that EaP and your adviser may receive.

15. Exchange Traded Options (ETOs)

The following fees and brokerage applies in respect of Traditional Service, Full Service and General Advice clients.

ASX Clear charges a contract registration fee of $1.12 per ETO contract.

Our standard brokerage rate (inclusive of GST) for each purchase or sale ETO order is a minimum of $110 or 1.10%. Your Adviser will receive between 0% and 60% of the brokerage received by EaP.

16. Primary Market issues of Securities

When we lodge applications for investments in new issues of securities or other financial product which result in the securities or other products being issued, we may receive fees from the issuer. These fees will be disclosed in the offer document, prospectus or PDS issued by the issuer.

Your adviser will receive between 0% and 60% of any fees received by EaP.

17. Managed Funds

If you invest in managed funds we may receive fees or commissions from particular issuers. These fees or commissions are different for each product and will be disclosed in the relevant PDS. They will also be disclosed to you if we have provided you with advice in relation to a particular managed fund.

18. Fixed Interest products

Fixed Interest products include bank bills, debentures, term deposits, bonds and listed hybrid securities. We may transact in these products as agent or as principal.

We may receive fees or commissions from particular issuers, which are different for each product and will be disclosed in the relevant product disclosure statement or prospectus. They will also be disclosed to you if we have provided you with advice in relation to a particular fixed interest product. These fees are received by EaP and your Adviser may receive between 0% and 60% of the fees or commission received by EaP.

For listed hybrid securities we may receive brokerage on transactions in the secondary market. Your Adviser will receive between 0% and 60% of the brokerage received by EaP.

19. International share costs

Our brokerage rates are the same as our Traditional Service rates if you transact in international shares. However, we may incur additional costs through third parties who provide custody, execution and clearing and settlement services to us in respect of your transactions which we may pass on to you. We will disclose any differences in the details of charges to you. Your Adviser will receive between 0% and 60% of the brokerage received by EaP.

20. Foreign exchange

With respect to international securities transactions, the foreign currency will be converted into Australian dollars or vice versa (or any other currency) to enable settlement. Such foreign exchange transaction may result in EaP receiving a currency spread of 0.25% and 2.00%. Your Adviser will receive between 0% and 60% of the spread EaP receives.

21. Margin Lending

If you establish a margin loan, EaP will only receive a fee or commission if you provide the lender with clear consent to make a payment to EaP. If you provide that consent, your Adviser will receive between 0% and 60% of the commissions received by EaP.

22. Other financial products

There may be other products that we may receive fees or commission on from other parties. However, in these other instances, EaP will only receive a fee or commission if you provide the other party with clear consent to make a payment to EaP. In these instances, your Advisor does not receive any portion of any fees and commissions paid to EaP. These arrangements will vary from each product and will be disclosed in the relevant product disclosure statement. We will also disclose them to you if we provide you with advice.

23. For further information

If you would like to know more about the services we provide or become an Evans and Partners client, please contact us.

Evans and Partners Pty Ltd

Mayfair Building, 171 Collins Street
Melbourne Victoria 3000

MAIL

PO Box 24394
Melbourne Victoria 3001

P: +61 3 9631 9888
F: +61 3 8610 1608

EMAIL: info@eandp.com.au
WEB: www.eandp.com.au

Privacy

It is a condition of using our services that you consent to us disclosing your personal information to Financial Services Protection Limited (FSPL) for the purposes of client due diligence, and also for the purpose of sharing information about you with other members of FSPL and also to our related bodies corporate, Pershing and Linear and their respective related bodies corporate and any agents or contractors engaged in connection with the provision of services to you.

We also collect personal information from you in order to comply with our legal obligations under the Anti-Money Laundering and Counter-Terrorism Financing Act 2006 and Chapter 7 of the Corporations Act

2001. If we provide you with personal advice, we also collect your personal information to ensure we are aware of your financial position and circumstances so we can provide you with financial advice that is appropriate to your needs and so that our services, and the services of Pershing and Linear, can be provided to you.

Your personal information will ordinarily be collected before we can open an account for you, or make available to you, any of our products or services. It may also be collected at other times after you have become a client, such as when your financial circumstances and needs change (for example, if you retire) or if change address or update your contact details. Generally we will collect personal information from you directly, or in instances where you deal with us through an Intermediary, it may be a representative of the Intermediary that provides your personal information to us. If you do not supply the personal information that we require then we may be unable to provide you with certain products or services, or deal with you as a client altogether.

EaP predominantly uses your personal information in order for us to provide you with financial advice, as well as stockbroking and ancillary services. We may also disclose your personal information to:

- Other entities to which we have outsourced certain functions to (such as Pershing and Linear).
- To our suppliers, including contract and service providers, as well as professional advisers;
- To government bodies or law enforcement agencies in accordance with their requests or under our own obligations to provide certain information (for example, ASIC and AUSTRAC).
- To other parties involved in the reporting and administration of your holdings and investments, including stock exchanges, share registries, mailing service providers and product issuers;
- Other organisations for the purpose of client due diligence (for example, Financial Services Protection Limited); and
- Where you have otherwise consented or where disclosure is otherwise required or authorised by law.

Depending on which products and services of EaP that you require or use, your personal information may be disclosed to other organisations and entities that exist outside of Australia (including, but not limited to, the United States of America and the United Kingdom).

For further details of how we use and disclose your personal information and how you can access and update it, or to lodge a complaint about how we may have handled your personal information, please refer to our Privacy Policy which is available to download from our website at www.eandp.com.au or ask your adviser for a copy.

9. Glossary

The following definitions apply throughout this Prospectus unless the context requires otherwise.

ABN / ACN	Australian Business Number / Australian Company Number
AEST	Australian Eastern Summer Time
AFSL	Australian Financial Services Licence
Allocation	the number of Convertible Notes allocated under this Prospectus to an Applicant under the Offer. **Allocated** has a corresponding meaning
Allotment Date	the date on which the Convertible Notes are allotted under the Offer
Applicant	a person who lodges an Application Form in accordance with this Prospectus
Application	an application for Convertible Notes under this Prospectus
Application Amount	the amount required to be submitted with an Application, being the Issue Price (plus the Service Fee, if applicable) multiplied by the number of Convertible Notes applied for
Application Form	a paper or electronic form (as the context requires) attached to, or accompanying this Prospectus upon which an Application for Convertible Notes may be made
Application Moneys	the amount payable on each Application, being the Face Value multiplied by the number of Convertible Notes applied for
ASIC	Australian Securities and Investments Commission
ASX or **Australian Securities Exchange**	ASX Limited ABN 98 008 624 691 or the securities market it operates, as the context requires
ASX Listing Rules	means the official listing rules of ASX
ASX Settlement	means ASX Settlement Pty Limited ABN 49 008 504 532, the body which administers the CHESS system in Australia
ASX Settlement Operating Rules	means the operating rules of ASX Settlement
AUD or $ or A$	Australian dollars
Australian Accounting Standards	Accounting standards set by the Australian Accounting Standard Board for the purposes of section 334 of the Corporations Act
Australian Auditing Standards	auditing standards issued by the Auditing and Assurance Standards Board under section 336 of the Corporations Act
Authorised Intermediary	Evans and Partners Pty Ltd ACN 125 338 785 / AFSL 318075
Board	the board of directors of the Company
Broker Firm Offer	the offer of Convertible Notes to the Australian and New Zealand clients of the Joint Lead Managers and other Participating Brokers
Business Day	has the meaning given to that term in the ASX Listing Rules
CAML / Investment	Contango Asset Management Limited ABN 52 085 487 421 / AFSL No. 237119

Manager	
CGT	Capital Gains Tax
CHESS	Clearing House Electronic Sub-register System
CIG	Contango Income Generator Limited ACN 160 959 991
CIG Offer	the initial public offer (to be made via a prospectus lodged on or about the date of this Prospectus) of CIG
Closing Date	the closing date for the Offer which is expected to be 19 December 2014
Contango Group	the Company and its Subsidiaries
Company	Contango MicroCap Limited ABN 47 107 617 381
Constitution	the constitution of the Company (as amended from time to time)
Convertible Note Register	the register of Convertible Notes maintained by the Registry on the Company's behalf (including any sub-register established and maintained in CHESS)
Convertible Notes	the redeemable, unsecured, convertible notes offered pursuant to this Prospectus (the terms of which are set out in Section 7 of this Prospectus)
Convertible Note Terms or **Note Terms**	the terms and conditions of issue of the Convertible Notes (which terms form Schedule 1 to the Convertible Note Trust Deed and are set out in Section 7 of this Prospectus)
Convertible Note Trust Deed	the trust deed dated 26 November 2014 made between the Company and the Trustee
Conversion Date	the date on which Shares are issued on exercise of the right to convert a Convertible Note
Corporations Act	the *Corporations Act 2001* (Cth)
Director	a director of the Company
EBIT	earnings before interest and tax of the Company (as determined by reference to the published half yearly and yearly financial statements of the Company)
Evans and Partners	Evans and Partners Pty Ltd ABN 85 125 338 785
Exposure Period	the period of 7 days after the date of lodgement of this Prospectus with ASIC, which period may be extended by ASIC by not more than 7 days pursuant to section 727(3) of the Corporations Act
Face Value	$100 per Convertible Note
FY or Financial Year	the 12 months commencing as 1 July and ending on the following 30 June
Gearing Ratio	has the meaning given in Section 1, under the heading *'Financial Covenant'*
GST	Goods and Services Tax
HIN	Holder Identification Number
Holder	a registered holder of one or more Convertible Notes
Holding Statement	a statement issued to Holders by the Registry which sets out the number of Convertible Notes issued to that Holder

Interest	interest payable on each Convertible Note
Interest Payment Dates	31 March and 30 September in each year until the Maturity Date or a Redemption Date. If any of these scheduled dates is not a Business Day, then the Interest Payment Date will be the next Business Day
Interest Period	each period commencing on (and including) an Interest Payment Date to (but excluding) the next Interest Payment Date, with: (a) the first Interest Period commencing on (and includes) the Allotment Date; and (b) the final Interest Period ending on (but excludes) the Maturity Date or a Redemption Date
Interest Rate	5.5% per annum
Investment Portfolio	the portfolio of securities and other assets and liabilities (pre tax) of the Company to be managed in accordance with the Management Agreement by the Investment Manager pursuant to the investment mandate and strategy outlined in Section 3.1 of this Prospectus
Issue	the process of issuing Convertible Notes to successful Applicants
Issue Date	the date of Issue of the Convertible Notes
Issue Price	• For Wholesale Applicants and those Retail Applicants under the Broker Firm Offer who provide consent to the payment of the Service Fee, $98.90 (to which is added the Service Fee of $1.10 per Convertible Note (inclusive of GST)); or • For Retail Applicants who do not provide consent to the payment of the Service Fee, $100.
LIC	listed investment company
Management Agreement	the investment management agreement dated 19 January 2004 between the Company and CAML (Investment Manager) described in Section 6.7
Management Fee	the management fee(s) payable to the Investment Manager by the Company pursuant to the terms of the Management Agreement
Maturity	the time for repayment of the Face Value (and accrued, but unpaid Interest) of each Convertible Note
Maturity Date	31 March 2020 (being the date on which the Convertible Notes must be Redeemed (if not previously converted, Redeem or cancelled)
Minimum Subscription	$15 million (the minimum subscription under the Offer)
NTA	net tangible asset backing of the Company (on a per Share basis)
Offer	the offer of Convertible Notes made under this Prospectus, being: • a Broker Firm Offer (in respect of Wholesale Applicants or Retail Applicants who provide consent to the payment of the Service Fee), at a Subscription Amount of $98.90 per Convertible Note (with a Service Fee of $1.10 per Convertible Note (inclusive of GST)); and • a Broker Firm Offer (applicable only to Retail Applicants who do not provide consent to the payment of the Service Fee), at an Issue Price of $100 per Convertible Note
Offer Management	Offer management agreement entered into between the Company and the Joint Lead

Agreement	Managers
Offer Period	The period from the Opening Date to the Closing Date
Opening Date	The opening date of the Offer which is 8 December 2014
Option	An option to acquire, by way of issue, a Share
Participating Broker	Any participating organisation of ASX selected by the Joint Lead Managers to participate in the procuring of subscriptions for Convertible Notes under the Offer
Participating Broker Applicant	An Applicant who is a client of a Participating Broker
Prospectus	this prospectus dated 28 November 2014 and any replacement or supplementary prospectus
Registry / Share Registry / Convertible Note Registry	Computershare Investor Services Pty Limited
Related Body Corporate	has the meaning given in the Corporations Act
Retail Applicant or Retail Investor	an Applicant or investor who is not a Wholesale Applicant or Wholesale Investor
Service Fee	a one-off fee of $1.10 (inclusive of GST) per Convertible Note payable under the Broker Firm Offer, by Wholesale Applicants and Retail Applicants who provide their respective consents to the payment of the Service Fee, to an Applicant's Participating Broker in respect of the services provided by the Participating Broker (and any specified adviser or individual broker) in introducing the Applicant to the Offer, giving advice in respect of the Offer and/or dealing in respect of the Offer
Share	a fully paid ordinary share in the capital of the Company
Shareholder	a holder of one or more Shares in the Company
SRN	Securityholder Reference Number
Subscription Agreement	the subscription agreement dated 28 November 2014 between the Company and CIG pursuant to which the Company has agreed to subscribe for shares in CIG as part of the CIG Offer
Subscription Amount	the amount of money payable by an Applicant for new Convertible Notes
Subsidiary	has the meaning given to that term in Part 1.2 of Division 6 of the Corporations Act
Trustee	Equity Trustees Limited ABN 46 004 031 298
TFN	Tax File Number
US Person	has the meaning given in the Regulation S of the US Securities Act
US Securities Act	United States Securities Act of 1933, as amended
VWAP	has the meaning given in the Convertible Note Terms
Wholesale Applicant or **Wholesale Investor**	an Applicant or investor who is (in either and in each case) not a retail client under section 761G or 761GA of the Corporations Act

Corporate Directory

Directors

Mark Kerr
Ian Ferres
David Stevens
Glenn Fowles

Secretary

Glenn Fowles

Registered Office

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Telephone: (03) 9222 2333
Facsimile: (03) 9222 2345
Website: www.contango.com.au

Investment Manager

Contango Asset Management Limited
Level 27
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Melbourne, Victoria 3000
Website: www.contango.com.au

Lawyers to the Company and the Offer

Minter Ellison Lawyers
Level 23
525 Collins Street,
Melbourne, Victoria 3000
Website: www.minterellison.com

Auditor

Pitcher Partners
Level 19
15 William Street
Melbourne, Victoria 3000
Website: www.pitcher.com.au

Trustee

Equity Trustees Limited
Level 2
575 Bourke Street
Melbourne, Victoria 3000
Website: www.eqt.com.au

Joint Lead Managers

Evans and Partners Pty Ltd
Mayfair Building
171 Collins Street
Melbourne, Victoria 3000
Website: www.evansandpartners.com.au

BBY Limited
Level 16
60 Margaret Street
Sydney, New South Wales 2000
Website: www.bby.com.au

Authorised Intermediary

Evans and Partners Pty Ltd
Mayfair Building
171 Collins Street
Melbourne, Victoria 3000
Website: www.evansandpartners.com.au

Participating Broker

Morgans Financial Limited
Level 29, Riverside Centre
123 Eagle Street
Brisbane, Queensland 4000
Website: www.morgans.com.au

Registry

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General enquiries: 1300 351 427
Overseas holders: +61 3 9415 4011
Website: www.computershare.com.au

Shareholder Inquiries

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