



CORPORATE GOVERNANCE STATEMENT

The directors of the Company are committed to maintaining best practice in corporate governance. When adopting key corporate governance policies the board has had regard to the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (2nd Edition) ("ASX Recommendations" or "Principles").

The following statement outlines the Company's compliance with the ASX Recommendations.

1. BOARD OF DIRECTORS

Board Members

The Director's of the Company are as follows:

Director	Date of Appointment
David Stevens(Chair)	14 January 2004
Glenn Fowles	14 January 2004
Ian Ferres	7 December 2009
Mark Kerr	7 December 2009

Roles and Responsibilities of the Board

The board has the primary responsibility for the oversight, management and performance of the Company which includes compliance with the Company's corporate governance objectives.

The board is responsible for:

- oversight of strategic financial objectives;
- nomination, appointment and monitoring of the board;
- appointment, monitoring and review of the performance of the investment manager;
- approving and monitoring risk, compliance and corporate governance;
- reporting to shareholders and continuous disclosure;
- approving and monitoring financial and other reporting including declaration of dividends;
- supervising secretarial and other matters such as convening shareholder meetings; and
- initiating plans and changes, and delegating to committees or the investment manager where appropriate.

Board Structure and Director Independence

Directors are expected to bring independent views and judgment to all board deliberations.

The skills, experience and expertise relevant to the position held by each director in office at the date of this report are described in the “our Board” section of this website.

The board has reviewed the position and associations of all four directors in office and has determined that Messrs Ferres and Kerr are independent of the Company. In making this determination, the board has had regard to the independence criteria within ASX Guidelines Principles and other information and circumstances that the board considers relevant. The board will assess the independence of any new directors upon appointment and will regularly review each director’s independence, as appropriate.

The board’s structure is not consistent with the ASX Recommendation in respect of having a majority of independent directors and an independent director as chair. Given the size and cohesion of the board, and the relationship between the Company and the investment manager, the board considers that it has the relevant experience in the industry in which it operates and is appropriately structured to perform its duties in a manner that is in the best interests of the Company and its shareholders from both a long term strategic and operations perspective.

Training

All new directors of the Company receive induction training covering (as appropriate):

- company structure and operations;
- risk management, corporate governance and various employee policies; and
- office procedures and administrative information.

All directors of the Company have access to continuing education to enhance their skills and knowledge.

Meetings Of The Board

The board meets formally at least four times a year and on other occasions as required. On the invitation of the board members of the Company’s advisers attend and make presentations to the board.

Retirement and Re-Election

The constitution of the Company sets out the terms for appointment and removal of directors. This requires one third of the directors to retire from office at each annual general meeting. Directors who have been appointed by the board are required to retire from office at the next annual general meeting and are not taken into account in determining the number of directors to retire at that annual general meeting. Directors cannot hold office for a period in excess of three years (or later than the third annual general meeting following their appointment) without submitting themselves for re-election. Retiring directors are eligible for re-election by shareholders.

Access To Information And Independent Advice

All directors have unrestricted access (subject to law) to all Company records and information held by the Company as well as to the employees of CAML.

Each director is entitled to obtain independent professional advice at the Company's expense for the purpose of assisting them in performing their duties. A director who wishes to obtain such advice must first obtain the approval of the chair (and such approval must not be withheld unreasonably) and must provide the chair with the reason for seeking such advice, the identity of the person for whom the advice will be sought and the likely cost of obtaining such advice. Except in certain circumstances detailed in the board charter, advice obtained in this manner is made available to the board as a whole.

Performance Assessment

To ensure continuing high standards of performance and governance, the board has adopted a formal assessment policy which came into effect in July 2011. The policy provides for an annual review of the board and individual directors focusing on performance against the requirements of the board as well as other criteria determined by the board.

2. INVESTMENT MANAGEMENT AGREEMENT

The Company has appointed a professional investment manager, Contango Asset Management Limited ("CAML") under an Investment Management Agreement ("IMA") dated 3 April 2007.

The IMA delegates to CAML the responsibility to undertake the investment, operating, compliance and administrative requirements of the Company.

Included within the IMA are details of:

- Investment guidelines and restrictions;
- Reporting requirements;
- Performance measures;
- Remuneration and compensation payable to CAML; and
- Termination provisions.

As a consequence of the IMA and its delegations, the Company has no employees.

All new employees of CAML receive induction training covering (as appropriate):

- company structure and operations;
- risk management, corporate governance and various employee policies;
- office procedures and administrative information; and
- legal and regulatory obligations specific to CAML as holder of an Australian financial services licence.



3. COMMITTEE OF THE BOARD

The board considers that it is not necessary to establish separate board committees at this time. All matters that may be capable of delegation to committees will be dealt with by the full board. External advice is sought on particular matters where the board considers it necessary.

ASX Recommendations state that the board should establish a Nomination Committee, an Audit Committee, and a Remuneration Committee.

Nomination Committee

The board currently has the power and obligation to raise and consider issues which would otherwise be considered by the nomination committee including the nomination and appointment of directors, board evaluations and any other directorships held by board members.

Audit Committee

The functions of an audit committee that are carried out by the board include:

- reviewing and considering the financial statements;
- reviewing the effectiveness and performance of the Company's external auditors; and
- ensuring the independence and competence of external auditors.

Remuneration Committee

As stated previously, the Company does not presently have any employees.

The maximum amount of remuneration payable to directors is fixed within the Company's constitution.

Under the terms of the IMA between the Company and CAML, directors of the Company that are also employees of CAML (Messrs Stevens and Fowles) are not permitted to receive directors fees.

Directors that are not employees of CAML (Messrs Ferres and Kerr) receive directors' fees – the amount of which is reviewed by the full board annually within the restrictions imposed by the Company's constitution.

Performance evaluation and remuneration of the employees of CAML is undertaken independently by CAML's board and is not part of this Company's scope of activities or responsibilities.

4. AUDIT GOVERNANCE

Appointment of Auditors

The Company's current external auditors are Pitcher Partners.

If it becomes necessary to replace the external auditors for performance or independence reasons, the board will then formalise a procedure for the selection and appointment of new auditors. Pitcher Partners maintains internal policies to ensure the rotation of its external audit engagement partners.

Independence Declaration

The Corporations Act 2001 (Cth) requires external auditors to make an annual independence declaration to the board, declaring that the auditors have maintained independence in accordance with section 307C of the Corporation Act 2001.

Non-Audit Services by External Auditors

The board has implemented a process that governs the provision of non-audit services to the Company by the external auditors. In some cases the provision of specific services is not permitted in any circumstances (such as the preparation of accounting records, provision of valuations and provision of internal audit assistance). Alternatively, some services (such as tax compliance services) are permitted while others require the prior approval of the board (such as tax advice and investigating accounting services).

Attendance At Annual General Meetings

The Company has adopted a code of conduct for its directors and CAML has adopted the same for its employees and directors. The code of conduct aims to establish Company values and maintain the highest level of ethical standards, corporate behavior and accountability. The code describes:

- the practice necessary to maintain confidence in the Company's integrity;
- the practices necessary to meet legal obligations and the reasonable expectations of stakeholders; and
- the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.

5. COMPANY POLICIES

Code of Conduct

The Company has adopted a code of conduct for its directors and CAML has adopted the same for its employees and directors. The code of conduct aims to establish Company values and maintain the highest level of ethical standards, corporate behavior and accountability. The code describes:

- the practices necessary to maintain confidence in the Company's integrity;

- the practices necessary to meet legal obligations and the reasonable expectations of stakeholders; and
- the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.

In particular, the code addresses:

- compliance with laws including taxation laws;
- fair dealing;
- confidentiality and protection of Company assets;
- conflicts of interest;
- obligations to shareholders and the financial community;
- trading in Company securities; and
- reporting non-compliance and grievances;

Several of these matters are supported by their own specific policies and procedures.

Share Trading

Under the Company's share trading policy, directors of the Company and employees of CAML are prohibited from trading in the Company's shares if they are in possession of market sensitive information. Subject to this, trading by directors of the Company or employees of CAML can occur only at times permitted within the policy which are outside "closed" periods. "Closed" periods are defined as:

- 3 days prior to month-end through to one day after the announcement of the monthly Net Tangible Asset value
- From balance date until 2 days after the release of half- year and full- year results.
- 2 weeks prior to and 2 days after any general shareholder meeting of the Company.

Financial Reporting

The Company's financial report preparation and approval process involves the two directors that are also chief executive officer and the chief financial officer of CAML (Mr. Stevens and Mr. Fowles respectively) providing a statement to the board that, to the best of their knowledge and belief, the Company's financial report presents a true and fair view, in all material respects, of the Company's financial condition and operating results and are in accordance with applicable accounting standards.

Risk Management and Recognition

The Company is committed to the identification, monitoring and management of risks associated with its business activities. As part of its responsibilities under the IMA, CAML identifies and monitors the risks faced by the Company and recommends mitigation strategies. CAML reports to the board at regular intervals and provides regular reports to the board on issues such as compliance, insurance and financial issues.



Directors of the Company and employees of CAML are ultimately responsible to their respective board for the Company's system of internal control and risk management. The chief executive officer and chief financial officer of CAML provide the board with an annual declaration that the statement given relating to the integrity of the financial statements is founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the board.

Continuous Disclosure

The board has adopted a continuous disclosure and shareholder reporting policy to ensure compliance with the ASX Listing Rules' continuous disclosure requirements.

This policy:

- gives guidance as to the information that may require disclosure;
- gives guidance to dealing with market analysts and the media;
- established regular reminders to directors to actively consider whether there is any price sensitive information which needs disclosure; and
- allocates responsibility for approving public disclosures and shareholder communications.

To ensure shareholders have equal and timely access to material information concerning the Company, a monthly announcement is lodged with the ASX detailing the current performance of the Company.

The board has approved, as part of the continuous disclosure policy, the Company's policy to promote effective communication with its shareholders. In addition to its disclosure obligations under the ASX Listing Rules, the Company may communicate with its shareholders via a number of means. These communications can include annual and half-yearly reports, media releases, public announcements and annual general meetings.

The Company is committed to using general meetings of the Company to effectively communicate with shareholders and to allow reasonable opportunity for informed shareholder participation.