CONTINUATION INVESTMENTS LIMITED

13 June 2012

Manager of Company Announcements
ASX Limited
Level 8 Exchange Plaza
2 The Esplanade
PERTH WA 6000

Continuation Investments Limited

Renounceable Rights Issue - Notice under Section 708AA Corporations Act

Continuation Investments Limited (ASX Code: COT) (**the Company**) has announced today that it will be offering eligible shareholders the opportunity to acquire additional fully paid ordinary shares in the capital of the Company (**Shares**) via a renounceable rights issue (**Rights Issue**) on the basis of 2.4 Shares for every 1 Share held at the record date of 22 June 2012 (**Record Date**).

Shares under the Rights Issue will be offered at 5.0 cents per Share. The maximum number of Shares which may be issued under the Rights Issue is 14,022,619 Shares to raise $701,131.

The Rights Issue will be made without a disclosure document, pursuant to the exemption granted in section 708AA of the Corporations Act. An offer document containing details of the Rights Issue will be sent to shareholders on 26 June 2012 (**Offer Document**).

An Appendix 3B and a proposed timetable in relation to the Rights Issue was announced today.

NOTICE UNDER S.708AA OF THE CORPORATIONS ACT 2001 (CTH) (ACT)

The Company hereby notifies that:

(a) the Company will offer the Shares for issue without disclosure to investors under Part 6D.2 of the Act;

(b) the Company is providing this notice under paragraph 2(f) of section 708AA of the Act;

(c) as at 13 June 2012, the Company has complied with:

   (i) the provisions of Chapter 2M of the Act as they apply to the Company; and

   (ii) section 674 of the Act;

(d) as at 13 June 2012, there is no information that:

   (i) has been excluded from a continuous disclosure notice in accordance with the ASX Listing Rules; and

   (ii) investors and their professional advisers would reasonably require for the purpose of making an informed assessment of:

(A) the assets and liabilities, financial position and performance, profits and losses and prospects of the Company; or

(B) the rights and liabilities attaching to the Shares,

which is not set out in this notice; and

(e) information set out below in this notice illustrates:

(i) the potential effect the issue of the Shares will have on the control of the company; and

(ii) the consequences of that effect.

CAPITAL STRUCTURE

The following table shows the number of Shares on issue at the date of this notice and the total number of Shares on issue as at the close of the Rights Issue based on the maximum total Shares to be issued under the Rights Issue.

Ordinary Shares	Number
Shares on issue as at the date of this notice	5,842,758
Maximum number of Shares to be issued under the Rights Issue	14,022,619
Total Shares on issue as at the close of the Rights Issue	**19,865,377**

The Company currently has nil options on issue.

UNDERWRITING AGREEMENT

On 13 June 2012, the Company entered into an underwriting agreement with Mr Jeremy King and Mr Andrew Worland (**Underwriters**) to underwrite Shares with a value of up to $30,000 each offered pursuant to the Rights Issue.

The obligation of the Underwriters to underwrite the Offer is subject to certain standard events of termination. The Underwriters may terminate their obligations under the Underwriting Agreement if:

(a) (**Offer Document**): the Company does not dispatch the Offer Document to Shareholders on the Dispatch Date or the Offer Document or the Offer is withdrawn by the Company;

(b) (**Market Conditions**): the Australian equity capital market conditions and/or ASX trading conditions are such that they are not, in the reasonable and bona fide judgement of the Underwriters, conducive to the successful completion of the Underwriting Agreement or other events beyond the control of the Underwriters are so material and adverse as to make it impracticable or inadvisable to proceed with the new equity issue on the terms and in the manner contemplated herein;

(c) (**Indicies Fall**): the All Ordinaries Index (IRESS code XAO.ASX) as published by ASX is for 3 consecutive business days after the date of the Underwriting Agreement 10% or more below its respective level as at the close of business on the Business day prior to the Underwriting Agreement;

(d) (**Announcement**): the Company does not lodge a announcement, the Rights Issue Notice to the ASX, together with an Appendix 3B by 5:00pm on the Lodgement Date;

(e) (**No Official Quotation**): ASX has advised the Company that it will or may not grant Official Quotation on or prior to the Shortfall Notice Deadline Date;

(f) (**Restriction on allotment**): the Company is prevented from allotting the Rights Issue Shares within the time required by the Underwriting Agreement, the Corporations Act, the Listing Rules, any statute, regulation or order of a court of competent jurisdiction by ASIC, ASX or any court of competent jurisdiction or any governmental or semi-governmental agency or authority;

(g) (**ASIC or other prosecution**): ASIC gives notice of any deficiency in the Rights Issue Documentation or related documents or ASIC gives notice of an intention to hold a hearing, examination or investigation, or it requires information to be disclosed in connection with the Offer or the Company;

(h) (**Takeovers Panel**): the Takeovers Panel makes a declaration that circumstances in relation to the affairs of the Company are unacceptable circumstances under Pt 6.10 of the Corporations Act;

(i) (**Indictable offence**): a director or senior manager of the Company is charged with an indictable offence;

(j) (**Sub-underwriters**): any of the Company Sub-Underwriters that are introduced by the Company (as detailed in Schedule 3 to the Underwriting Agreement) do not comply with their respective obligations under the sub-underwriting agreements or threaten to not comply with its respective obligations under the sub-underwriting agreements;

(k) (**Authorisation**): any authorisation which is material to anything referred to in the Offer Document is repealed, revoked or terminated or expires, or is modified or amended in a manner unacceptable to the Underwriters acting reasonably;

(l) (**Termination Events**): any of the following events occurs and in the reasonable opinion of the Underwriter reached in good faith, it has or is likely to have, or those events together have, or could reasonably be expected to have, a material adverse affect or could give rise to a liability of the Underwriters under the Corporations Act:

(i) (**Default**): default or breach by the Company under the Underwriting Agreement of any terms, condition, covenant or undertaking;

(ii) (**Incorrect or untrue representation**): any representation, warranty or undertaking given by the Company in the Underwriting Agreement is or becomes untrue or incorrect;

(iii) (**Contravention of constitution or Act**): a contravention by the Company of any provision of its constitution, the Corporations Act, the ASX Listing Rules or any other applicable legislation or any policy or requirement of ASIC or ASX;

(iv) (**Adverse Change**): an event occurs which gives rise to a Material Adverse Effect or any adverse change or any development including a prospective adverse change after the date of the underwriting agreement in the assets, liabilities, financial position, trading results, profits, forecasts, losses, prospects, business or operations of the Company;

(v) (**Misleading information**): any information supplied at any time by the Company or any person on its behalf to the Underwriters in respect of any aspect of the Offer or the affairs of the Company is or becomes misleading or deceptive or likely to mislead or deceive;

(vi) (**Hostilities**): there is an outbreak or material escalation of hostilities or other calamity or crisis after the date of this Agreement involving one or more of Australia, New Zealand, Indonesia, Japan, Russia, the United Kingdom, the United States of America, India, Pakistan, or the Peoples Republic of China, or any member of the European Union, the effect of which on the financial markets of Australia or on the Australian economy is such as to make it, in the reasonable judgement of the Underwriters, impracticable to market the Underwritten Shares;

(vii) (**Official Quotation qualified**): the official quotation of the Rights Issue Shares is qualified or conditional;

(viii) (**Change in Act or Policy**): there is introduced, or there is a public announcement of a proposal to introduce, into the Parliament of Australia or any of its States or Territories any Act or prospective Act or budget or the Reserve Bank of Australia or any Commonwealth or State authority adopts or announces a proposal to adopt any new, or any major change in, existing, monetary, taxation, exchange or fiscal policy;

(ix) (**Prescribed Occurrence**): a Prescribed Occurrence (as that term is defined in the Underwriting Agreement) occurs;

(x) (**Judgment against the Company**): a judgment in an amount exceeding $1,000,000 is obtained against the Company and is not set aside or satisfied within 7 days;

(xi) (**Litigation**): litigation, arbitration, administrative or industrial proceedings are after the date of the Underwriting Agreement commenced against the Company;

(xii) (**Change in shareholdings**): there is a material change in the major or controlling shareholdings of the Company or a takeover offer or scheme of arrangement pursuant to Chapter 5 or 6 of the Corporations Act is publicly announced in relation to the Company;

(xiii) (**Timetable**): there is a delay in any specified date in the Rights Issue timetable (as set out in the Offer Document) which is greater than 5 business days;

(xiv) (**Force Majeure**): a force majeure event affecting the Company's business or any obligation under the Agreement lasting in excess of 7 days occurs;

(xv) (**Certain resolutions passed**): the Company passes or takes any steps to pass a resolution under Section 254N, Section 257A or Section 260B of the Corporations Act or a resolution to amend its constitution without the prior written consent of the Underwriters;

(xvi) (**Capital Structure**): the Company alters its capital structure in any manner not contemplated by the Offer Document; or

(xvii) (**Public Statements**): without the prior approval of the Underwriters a public statement is made by the Company in relation to the Offer;

(xviii) (**Investigation**): any person is appointed under any legislation in respect of companies to investigate the affairs the Company;

(xix) (**Market Conditions**): a suspension or material limitation in trading generally on ASX occurs;

(xx) (**Suspension**): the Company is removed from the Official List or the Shares become suspended from Official Quotation and that suspension is not lifted within 24 hours following such suspension;

POTENTIAL EFFECT ON CONTROL

An analysis of the changes in control has been undertaken to indicate the effect on the total relevant interests in the voting Shares of the Company of the Underwriters in various scenarios.

Each scenario assumes that the Underwriters have taken up their full entitlement (in their capacity as shareholders) pursuant to the Rights Issue, being a total of 602,676 Shares for Mr

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Jeremy King and 568,411 Shares for Mr Andrew Worland.

Mr Jeremy King

Scenario	Shares	Voting Power
Current shareholding and voting power	251,115	4.30%
Scenario 1 – no shortfall	853,791	4.30%
Scenario 2 – Underwrite $10,000 of shortfall	1,053,791	5.30%
Scenario 3 – Underwrite $20,000 of shortfall	1,253,791	6.31%
Scenario 4 – Underwrite $30,000 of shortfall	1,453,791	7.32%

Mr Andrew Worland

Scenario	Shares	Voting Power
Current shareholding and voting power	236,838	4.05%
Scenario 1 – no shortfall	805,249	4.05%
Scenario 2 – Underwrite $10,000 of shortfall	1,005,249	5.06%
Scenario 3 – Underwrite $20,000 of shortfall	1,205,249	6.07%
Scenario 4 – Underwrite $30,000 of shortfall	1,405,249	7.07%

Yours faithfully

JEREMY KING
DIRECTOR

CONTINUATION INVESTMENTS LIMITED