Continuation Investments Limited

29 July 2014

Market Announcements Office
Australian Securities Exchange, Sydney

By E-Lodgement

Acquisition of The BioFusionary Corporation

- **Acquisition:** COT to acquire 100% of leading-edge medical technology company, The BioFusionary Corporation, Inc (**TBC**) through the issue of 100 million shares.

- **Flagship Product:** TBC's first FDA approved[1] innovation is the BioFusionary Bebe™ (**Bebe™**): a non-invasive device for heating tissues which in clinical trials demonstrated significant skin tightening, offering safety and commercial advantages in the aesthetic market.

- **Disruptive Technology, Large Market:** The Bebe™ is the first energy-based device to enter the multi-billion dollar aesthetic market in several years. It uses high-frequency electromagnetic induction (**EMI**) to achieve a dramatic rejuvenating effect on skin.

- **First Sales:** First Bebe™ sales are expected in the US in Q4 2014 prior to a global launch in 2015.

- **Product Pipeline:** Pre-clinical research has developed a pipeline of therapeutic applications for TBC's unique technology including the treatment of incontinence and soft tissue manipulation. TBC has also developed a novel proprietary adhesive which is activated by its EMI technology, with projected applications in surgical tissue and wound closure.

- **Broker Appointment:** Bell Potter Securities Limited to lead-manage a capital raising under a full form prospectus.

[1]The BioFusionary Bebe™ device is indicated by the US FDA to be used "*to generate deep heat within body tissues for the treatment of medical conditions such as relief of pain, muscle spasms, and joint contractures, but not for the treatment of malignancies".*

CAPITAL STRUCTURE

Shares: 19.86m
Options: 2.25m
Cash: $1.48m (June 2014)
Debt: Nil

BOARD & MANAGEMENT

Mr Jeremy King
Chairman

Mr Andrew Worland
Non-Executive Director

Mr David Church
Non-Executive Director

Ms Sarah Smith
Company Secretary

REGISTERED OFFICE
945 Wellington Street
West Perth
WA 6005

CONTACT DETAILS
Tel: +61 8 9322 7600
Fax: +61 8 9322 7602

SHARE REGISTRY
Automic Registry Services
7 Ventnor Avenue
West Perth
WA 6005

ASX CODE
COT

Continuation Investments Ltd (**COT** or **Company**) is pleased to announce that it has entered into a binding Heads of Agreement to acquire 100% of The BioFusionary Corporation (USA) (**TBC**) (**Transaction**).

TBC has developed a powerful new and proprietary electromagnetic induction (**EMI**) technology platform that is expected to offer tools for medical practitioners to shape, tighten, fuse and seal tissues, addressing multi-billion dollar market opportunities in aesthetics and surgery.

About TBC

Located in Colorado USA, TBC is focused on developing and marketing aesthetic and surgical devices based on patented high-frequency electromagnetic energy technologies. Work on these technologies began by the founders, Dr Kevin Marchitto and Dr Stephen Flock, in 2003. Since then, more than US$5 million has been spent developing the technology through a mix of private investment and US government grants. For detailed information on TBC, see: www.biofusionary.com.

- *Technology Overview*

The Bebe™ and sister products generate alternating magnetic fields that pass through dry tissues such as the skin surface but react with moist tissues where eddy currents are formed which TBC calls an Electron Vortex™. The Electron Vortex™ encounters resistance in the tissue leading to very localized heating without collateral tissue damage, evenly and gently distributing heat without disturbing surrounding tissues.

- *BioFusionary Bebe™ – Cosmetic Skin Rejuvenation*

TBC's first commercial application of its proprietary technology is the Bebe™ device. The non-invasive energy-based cosmetic skin rejuvenation system is designed to provide a safe, effective alternative to current skin rejuvenation procedures.

The Bebe™ delivers a sophisticated and complex technology simply via a hand-held applicator and accompanying portable power unit.

During treatment, the hand-piece tip is placed lightly on the skin and energy applied. After a few seconds, evidence suggests heat begins to form in the dermal plane, a unique 1-4 mm thin layer of tissue rich in collagen structural fibres.

TBC scientists believe as treatment progresses the dermal heat causes collagen and other tissue proteins to become more fluid. Then, as they cool, they re-associate and entangle with one another, pulling together and tightening the skin surface.

Clinical data and the results of TBC's own studies show initial tightening occurs almost immediately and is followed by improvements weeks later, which can include skin thickening.

The Bebe™ combines the most desirable characteristics demanded by clinicians for this type of aesthetic product:

- Operation with minimal discomfort;
- No patient downtime;
- Shortened procedure times;
- Reduced cost per procedure allowing physicians to operate more profitably;
- Treatments can be safely performed in facial areas without heating the underlying bone;
- Significantly reduced risk of cosmetic damage and burning of the skin;
- The risk of damaging underlying fat structures is virtually eliminated;
- Designed to be effective on all skin types; &
- Clinical results demonstrate long lasting results.

Clinical results, top to bottom: 1, 2, or 3 treatments with the BioFusionary Bebe™ tightened loose tissue, leaving the skin radiant.

The FDA provided market clearance for the BioFusionary Bebe™ as a class II medical device on 10 March 2014. The clearance follows years of pre-clinical research as well as multi-site clinical trials carried out from 2010 through 2014.

TBC recently entered into a manufacturing agreement with a US-based specialty medical device manufacturer to produce the Bebe™. First sales are expected in the fourth quarter of calendar year 2014 prior to a global launch in 2015. In addition, TBC reports approaches by potential re-sellers and distributors in various jurisdictions globally.

- *Intellectual Property*

TBC holds multi-jurisdictional patents and patent applications to protect its core intellectual property covering its EMI technology platform and its proprietary, novel adhesive and sealant. BioFusionary® and Electron Vortex™ are TBC's trademarked terms relating to the property and function of its proprietary technology.

- *The Aesthetics Market*

The aesthetics market is a globally significant industry. In 2013, total expenditures on cosmetic minimally-invasive procedures carried out in the US reached US$12.2 billion *(American Society of Plastic Surgeons).* In 2012, the US skin rejuvenation and wrinkle reduction market was estimated at US$3.7bn, with 46% comprised of energy devices, lasers and surface treatments and the balance being made up of injectable fillers and toxin injections *(American Society of Plastic Surgeons).*

The Bebe™'s introduction into the skin tightening and rejuvenation market represents the first unique energy-based device entrant for several years.

The aesthetic marketplace is competitive as practitioners look to offer the latest procedures, equipment and technology to attract new patients and increase patient satisfaction. With changes to the US

healthcare system and reimbursement hurdles, physicians are increasingly offering aesthetic procedures to supplement their income, as these procedures are generally not subject to insurance reimbursement. Physicians outside of dermatology and cosmetic surgery are increasingly entering the aesthetic market, resulting in a dramatic increase in the total number of potential users.

- *Product Pipeline*

Muscle and Tissue Manipulation:

Muscles, ligaments and other tissues that have become loose or lax upon aging can cause troublesome and serious medical conditions. TBC anticipates **a strong product pipeline** that addresses conditions and disorders related to ageing in tissues. To date, TBC has conducted research and pre-clinical studies using its EMI technology to address several of these conditions:

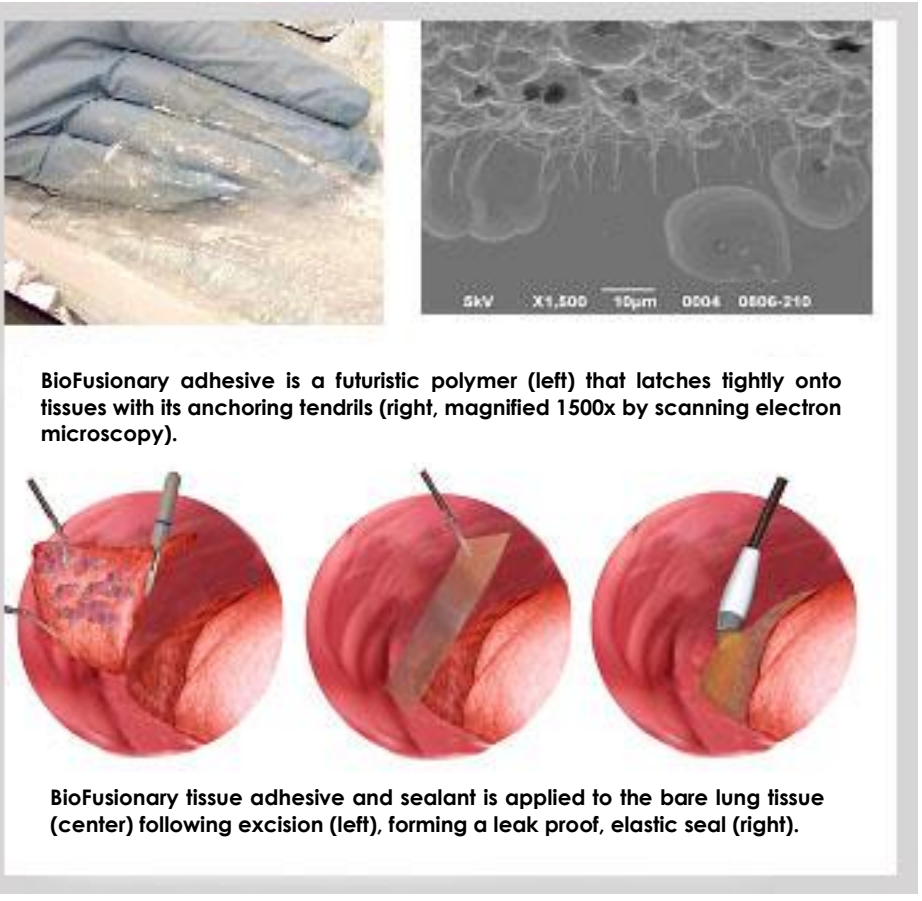
- Incontinence: TBC has demonstrated sufficient tightening of supportive tissue in the pelvic floor and gastrointestinal tract during pre-clinical research to provide evidence of an effective treatment.

  Subject to clinical trials and FDA approval, the BioFusionary EMI technology's successful introduction into the therapeutic market for incontinence may revitalize a market devastated by failure for nearly all surgical options. Company data indicates tissue tightening in the pelvic floor could lead to new therapies in a US market exceeding US$500 million per annum.

- Cartilage Reshaping: TBC research has also shown cartilage can be reshaped, laying the groundwork for treating hundreds of thousands of individuals for airway blockage (deviated septum, stenotic trachea), and for ear and nose reconstruction. The potential for tightening tissues and remodeling cartilage in knees, shoulders and other joints is significant.

Adhesives: Adhesives based on BioFusionary technology are a radical new concept – the first curable synthetic medical adhesive based on elastic polymers.

BioFusionary adhesives are elastic, long-lived and can be applied in moist environments. They have the potential to revolutionize the adhesive, sealant and filler market place estimated in 2011 to be US$10 billion with an annual growth rate through 2017 of 10% *(MedMarket Diligence).*



BioFusionary adhesive is a futuristic polymer (left) that latches tightly onto tissues with its anchoring tendrils (right, magnified 1500x by scanning electron microscopy).

BioFusionary tissue adhesive and sealant is applied to the bare lung tissue (center) following excision (left), forming a leak proof, elastic seal (right).

No available medical adhesive product performs

like the BioFusionary adhesive -- cured using its proprietary EMI technology, with seals forming under pressure or while blood spills over a wound.

The Company has had excellent pre-clinical results sealing wounds in lung, liver and other soft tissues where it provides flexible, durable bonds with high tensile strength. National Institutes of Health reviewers called TBC a "*highly innovative approach… without precedent in the medical literature".*

In particular, complications occurring in hundreds of thousands of lung resection surgeries each year represents a global market opportunity estimated in excess of US$500 million per annum with more than 450,000 lung surgeries carried out per year *(Business Wire 2011)*, in a global wound care market projected to reach US$18.5 billion in 2021 *(MedMarket Diligence)*. BioFusionary adhesive was virtually 100% effective in sealing air leaks even in frail emphysemic tissues in live animal lung studies.

- *Board and Management*

The Board of TBC consists of:

Kevin Marchitto PhD, MBA Chairman and co-founder of TBC and co-inventor of the technology. Previously, Dr Marchitto co-founded and served from 1998 to 2000 as CEO and Chairman of Spectral Biosystems, Inc, a biomedical device development company that was sold to Norwood Abbey Ltd (Melbourne, Australia) where he continued until 2001 as an Executive Director and Chief of Technology Development taking the company public on the ASX. Prior to that, Dr Marchitto held management positions in research, quality control and product development at NeoRx, Inc (now Dendreon, Inc), and Corvas, Inc. He led technology transfer efforts at the University of Arkansas for Medical Sciences (1997-1998) and the University of Texas-Health Science Centre (San Antonio) from 1993 to 1997. Dr Marchitto has 29 issued US patents and more than 15 patents pending. Dr Marchitto served as an Honorary Professor at Monash University, Melbourne between 2000-2001.

Damon Cox BA, RMC Director, President and Chief Executive Officer. Mr Cox previously founded and directed Pinnacle Life Sciences, LLC where he developed commercialization strategies for medical device, diagnostic and biopharma organizations. Prior to that, he was involved in the commercialization of several multi-million dollar products. He was instrumental in the launch of Merz Pharmaceutical's botulinumtoxinA (Xeomin®) product, led the National & Strategic Account division and ultimately directed the US Neurology Sales organization. Mr Cox was also involved in the commercial efforts of Allergan's Botox® product as well as multi-billion dollar products with Janssen Pharmaceuticals, a division of Johnson & Johnson (J&J), and in the launch of Auxilium Pharmaceutical's product, Xiaflex™. He brings comprehensive contracting, pricing negotiations, and policy development for national commercial and public payers. Mr Cox previously served as an US Army officer in the elite 82nd Airborne and as a Ranger Company Commander.

Stephen Flock PhD, Director and co-founder of TBC and co-inventor of the technology. He served as Executive Vice President of Spectral Biosystems, Inc from 1998 to 2000, then as Chief Research Officer for Norwood Abbey Ltd from 2000 to 2001. Prior to that, he was Director of Research and Development at Transmedica International, Inc from 1997 to 1998. Previously, Dr Flock was a researcher at the University of Texas-MD Anderson Cancer Centre and led the Philips Classic Biomedical Laser Research Laboratory at the University of Arkansas for Medical Sciences. Dr Flock has 50 scientific publications and 32 issued and more than 15 pending US patents. Dr Flock served as an Honorary Professor at Monash University, Melbourne between 2000-2001.

Heads of Agreement

COT executed a binding Heads of Agreement that, subject to the satisfaction of a number of conditions precedent, will result in COT acquiring 100% of the issued capital of TBC.

COT will acquire 100% of TBC via the issue of 100.0 million ordinary fully paid shares in COT.

In addition, COT has agreed to a milestone payment whereby it will issue the shareholders in TBC an additional A$2.25 million worth of new ordinary shares in COT (valued at 20 day VWAP) upon the date of the Australian Therapeutic Goods Administration granting Australian market approval for the Bebe™ device provided such date is within 24 months of completion of the transaction. TBC anticipates obtaining such approval in the first half of 2015.

Conditions Precedent

The Transaction is subject to a number of conditions being satisfied, including:

i. Completion of due diligence on TBC to COT's satisfaction;
ii. Completion of due diligence on COT to TBC's satisfaction;
iii. COT raising a minimum of A$5.0 million in conjunction with re-complying with Chapters 1 & 2 of the ASX Listing Rules (**Capital Raising**);
iv. Execution of formal acquisition documentation; and
v. COT shareholder approval;
vi. TBC shareholder approval.

Re-compliance with Chapters 1 & 2 of the ASX Listing Rules

The acquisition of TBC will result in a change in the Company's nature and scale of activities, and will require shareholder approval under Chapter 11 of the ASX Listing Rules as well as require the Company to re-comply with Chapters 1 and 2 of the ASX Listing Rules (**Re-compliance**). The Company will despatch a notice of meeting to shareholders seeking the relevant approvals to undertake this process, with such notice to contain detailed information relating to the acquisition of TBC.

Name Change

As part of the Transaction, the Company will seek the approval of shareholders to change its name to better reflect its line of business and products.

COT Board Changes

At Completion, Dr Kevin Marchitto and Mr Damon Cox of TBC shall join the COT board. Two of the three existing Board members of COT shall resign and moving forward the Board shall consist of a minimum of five members, with three being Australia based directors.

COT Indicative Capital Structure

	COT Number of Shares
Current Issued Capital[1]	19,865,377
Upfront Consideration to be issued to TBC	100,000,000
Total Shares on Issue following Acquisition[2]	**119,865,377**

1. As at June 30, COT's current cash reserves stood at A$1.48m.
2. The Company shall raise a minimum of A$5.0m under a prospectus. Proceeds of the raising will mainly be applied to the manufacture, marketing and distribution of the Bebe™ device.

Indicative Timetable

An indicative timetable for the Transaction is set out below.

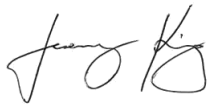
Event	Date
Announcement of TBC Transaction	29 July 2014
Despatch of Notice of Meeting	20 August 2014
Shareholder Meeting to Approve Acquisition	18 September 2014
Suspension from Trading	18 September 2014
Lodgement of Prospectus and Offer Open	8 September 2014
Offer Close	6 October 2014
Despatch of Holding Statements	10 October 2014
Completion of Acquisition and satisfaction of ASX Re-compliance	11 October 2014
Re-admission to the Official List	13 October 2014
Reinstatement to trading	15 October 2014

Advisers

Bell Potter has been appointed to act as Lead Manager to the Capital Raising. Grange Consulting Group is corporate adviser to the Company in respect of the transaction.

For further information please contact the Company on (08) 9322 7600.

For and on behalf of the Board



Jeremy King
Chairman