

20 July 2006

The Manager
ASX Announcements

Dear Sir,

Letter to Optionholders

Please find attached a copy of the letter being mailed to our Optionholders today along with the Bonus Option Prospectus and Supplementary Prospectus as lodged with ASX on 16 June 2006 and 5 July 2006 respectively.

CP1 Limited

Steve Mackay
Company Secretary

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Dear Optionholder

CP1 Ltd Bonus Options Issue

We are pleased to confirm the issue of four bonus options for each five CP1 shares you held at close of trade on 14 July 2006.

Both the recent share split and this issue of bonus options are designed to increase the liquidity of the securities on issue and provide the Company with additional capital. The Directors intend to apply the additional capital towards reducing or eliminating debt and funding the expected future growth of the Company.

Please find enclosed the prospectus for the Bonus Option issue, and your holding statement for these options. These options listed on the ASX on 10 July 2006, trading under the code CPKOA and at the date of this letter the last price was five cents.

The Bonus Options are exercisable at 80 cents each and have an expiry date of 31 January 2007.

At the close of the market on Friday 7 July 2006 CP1 shares traded at 80c, with bids at 80c and sell offers at 84c. The Company has indicated a final dividend of 6 cents for the year ending 30 June 2006. The record date will be in mid October 2006. Options converted to ordinary shares in CP1 prior to the record date will be eligible to receive the dividend.

In order to exercise your options please complete the attached option exercise form and return it to Link Market Services by 31 January 2007 in the enclosed reply paid envelope.

CP1 has welcomed in the new financial year pleased by the performance of the developments currently under management. The Directors are confident that such performance will continue to provide solid returns to shareholders.

We thank you for your ongoing loyalty to the Company.

Yours sincerely,



Steve Mackay
Company Secretary

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