



ASX Release - CAQ

Cell Aqua Secures US\$6 Million Financing Facility

27 January 2011: Cell Aquaculture Limited (ASX: CAQ) is pleased to advise that a funding agreement has been executed with U.S. based institutional investor, La Jolla Cove Investors, Inc (La Jolla Cove), to provide US\$6 million financing to CAQ to fund the Company's key growth objectives.

The secured funding will enable CAQ to accelerate the development of the Company's Thailand based production facilities and progress further development of new seafood related retail products and international markets, via CAQ's wholly owned food processing subsidiary – Cell Aqua Foods Pty Ltd. The additional funding will also be utilised to further advance the Company's projects in Singapore, Malaysia and South Africa.

Based in San Francisco, La Jolla Cove is a U.S. investment institution which has entered into more than US\$300 million in financing arrangements, focusing primarily on small to medium sized publically listed companies. La Jolla Cove's strategy seeks to target companies with high growth potential and then effectively partner with them, to provide investment capital, industry knowledge and strategic advisory services, via their highly experienced team, to allow target companies to maximise their growth potential.

In addition to providing financial resources and strategic advice, La Jolla Cove also possesses a strong network of financial intermediaries and will seek to introduce CAQ to a wider investment community.

Key terms of the funding facility are as follows:

1. Aggregate Funding

The facility comprises of three convertible notes of US\$2 million each, totalling US\$6 million;

2. Term

Each convertible note will have a repayment term of four (4) years, from the date of initial drawdown;

3. Interest

Interest is payable quarterly in arrears at a low fixed rate of 4.75% per annum, on the then outstanding unconverted principal amount. Payment of interest shall be in cash, or at the election of the Company, in Ordinary Shares of CAQ valued at the then applicable Conversion Price – see point 5 below.

4. Monthly Drawdown Amount

Funding will be provided to CAQ at a rate of US\$150,000 per month. A 270 day review period has been established to assess the suitability of the monthly amount. The monthly amount may be adjusted up or down by mutual agreement. If the parties cannot agree on an increase or decrease to the monthly amount, the figure will remain unchanged at US\$150,000 for the duration of the agreement.

5. Conversion Price

The number of new shares into which the note may be converted is equal to the principal amount that is to be converted divided by the Conversion Price.

The Conversion Price for the first note is equal to the lesser of:

- (i) AU\$0.30; and
- (ii) 80% of the average of the 3 lowest Volume Weighted Average Prices during the 21 trading days prior to investor's election to convert.

The Conversion Price for the second note is equal to the lesser of:

- (i) AU\$0.60; and
- (ii) 80% of the average of the 3 lowest Volume Weighted Average Prices during the 21 trading days prior to investor's election to convert.

The Conversion Price for the third note is equal to the lesser of:

- (i) AU\$0.90; and
- (ii) 80% of the average of the 3 lowest Volume Weighted Average Prices during the 21 trading days prior to investor's election to convert.

6. Control Limitation

The funding agreement includes a Control Limitation which restricts La Jolla Cove from holding any more than 19.99% of CAQ's share capital on issue. The agreement also restricts La Jolla Cove from 'short selling' the Company's ordinary shares, whilst any note is outstanding.

Commenting on the financing arrangement, CAQ Executive Chairman, Perry Leach stated, "we have worked hard with the La Jolla Cove team to tailor this investment package which will allow us to achieve our corporate objectives, whilst having minimal dilution on the Company and providing us control over the capital structure – a real win-win for both parties. La Jolla Cove has not charged any fees for the implementation of the financing facility, or for any ongoing strategic advisory services, also making this deal attractive for CAQ."

Mr Leach added, "we are looking forward to working with the La Jolla Cove team and see this as a tremendous opportunity to advance CAQ and add real value for all shareholders."

La Jolla Cove's Director, Malcolm Thompson commented, "we are extremely excited to team up with CAQ's highly passionate and capable management team. Having spent the last number of months understanding CAQ's technology, business model and expansion strategy, we find the growth prospects for the company highly compelling. The company has worked hard and spent many years developing its 'hatch to dispatch' offering and is

now at a stage where well tailored financing and corporate advice will see CAQ maximise its potential from the company's current opportunities.”

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About La Jolla Cove Investors, Inc.

Founded in 1995, La Jolla Cove Investors has entered into more than US\$300 million in financing agreements and is a leader in financing small cap publicly listed companies, seeking to partner with businesses looking for capital and strategic advice to expand their current operations.

La Jolla Cove's expertise lies in creating flexible financial structures which enable a company to grow without impacting working capital needs. Once La Jolla Cove has made an investment, it seeks to add value to the company in which it has invested by providing financial resources, strategic advice, merger and acquisition expertise, as well as implementation services.

For further information, visit www.ljcinvestors.com

About Cell Aquaculture Ltd (Australia)

Headquartered in Western Australia, Cell Aquaculture Limited is an international aquaculture company, publicly listed on the Australian Securities Exchange (ASX). Cell Aquaculture supplies a full range of environmentally sustainable, vertically integrated seafood production services – encompassing everything from ‘Hatch to Dispatch’.

Developed over twelve years the Cell™ propriety system is a complete land based environmentally responsible aquaculture system developed for the production and supply of premium quality fin-fish.

Cell Aquaculture has established hatchery operations for Australian Barramundi at James Cook University, Queensland, and has also commenced production trials on a range of further ‘high value’ premium species for commercial production.

Cell Aquaculture has a number of large scale land-based recirculating seafood production projects, at varying stages of development, in Malaysia, Singapore, Thailand and South Africa.

Cell Aquaculture supplies and installs growing systems, manages the operations, as well as processing, value-adding, branding and sales of finished product.

For further information, visit www.cellaqua.com