

23 November 2011

Company Announcements Office

Australian Stock Exchange

Dear Sirs

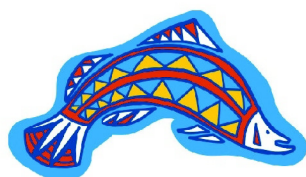
NON-RENOUNCEABLE ENTITLEMENT ISSUE

Attached is a prospectus (**Prospectus**) issued by Cell Aquaculture Ltd (ACN 091 687 740) (**Company**) for a non-renounceable entitlement issue on the basis of one (1) fully paid ordinary shares in the capital of the Company (**Share**) for every four (4) Shares held by Shareholders at an issue price of \$0.04 per Share held by shareholders at 5.00pm (WST) on the record date of **2 December 2011** to raise approximately \$2,111,542 (**Entitlement Issue**). The Entitlement Issue will result in the issue of approximately 52,788,573 Shares in the Company.

The Entitlement Issue is underwritten to the extent of \$500,000 by John Oakley Clinton. Refer to Section 7.2.3 of this Prospectus for details regarding the terms of the Underwriting Agreement.

The timetable and important dates of the issue are set out below:

Event	Date
Lodgement of prospectus with the Australian Securities and Investments Commission and the ASX and announcement of Entitlement Issue	Wednesday, 23 November 2011
Notice sent to shareholders of the Entitlements Issue	Friday, 25 November 2011
Shares quoted on an "ex" entitlement basis	Monday, 28 November 2011
Record date for determining shareholder entitlements	5:00pm (WST) Friday, 2 December 2011
Opening date and dispatch of Prospectus to shareholders	Monday, 5 December 2011
Closing date	Monday, 19 December 2011
Notice sent to ASX of under subscription	Thursday, 22 December 2011
Allotment and dispatch of holding statements for new Shares issued pursuant to the Offer	Thursday, 29 December 2011
Trading of new Shares issued pursuant to the Offer expected to commence on ASX	Friday, 30 December 2011



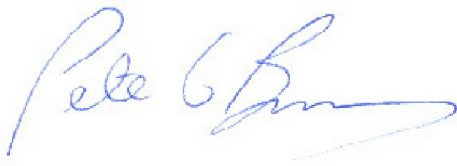
CELL AQUACULTURE LTD. ABN 86 091 687 740
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**All dates and times are indicative only. These dates are determined based upon the current expectations of the Directors and may be changed with 6 Business Days' prior notice. The Company reserves the right to vary these dates and times, subject to the ASX Listing Rules. The Company will make an announcement to ASX of any changes if they occur. WST refers to the time observed in Perth, Western Australia. All dates and times refer to time observed in Perth, Western Australia. The Company confirms that trading on a deferred settlement basis will not be allowed.*

The offer under the Prospectus is made to Shareholders with registered addresses in Australia and New Zealand. Overseas shareholders should contact the Company Secretary with any queries.

The Prospectus that will be mailed to all shareholders who are registered on the record date. Shareholders eligible to participate should read the Prospectus carefully.

Yours faithfully

A handwritten signature in blue ink, appearing to read 'Peter Burns', with a stylized flourish at the end.

Peter Burns
Cell Aquaculture Ltd
Director



CELL AQUACULTURE LTD

ACN 091 687 740

ENTITLEMENT ISSUE PROSPECTUS

For a pro rata non-renounceable entitlement issue of one (1) Share for every four (4) Shares held by Shareholders at an issue price of \$0.04 per Share to raise approximately \$2,111,542 (**Entitlement Issue**).

The Entitlement Issue is underwritten to the extent of \$500,000 by John Oakley Clinton. Refer to Section 7.2.3 of this Prospectus for details regarding the terms of the Underwriting Agreement.

IMPORTANT NOTICE

This document is important and should be read in its entirety. If after reading this Prospectus you have any questions about the Shares being offered under this Prospectus or any other matter, then you should consult your stockbroker, accountant or other professional adviser.

The Shares offered by this Prospectus should be considered as speculative.

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1. SUMMARY OF IMPORTANT DATES AND IMPORTANT NOTES

1.1 Timetable and important dates*

Lodgement of prospectus with ASIC and ASX and announcement of Entitlement Issue	Wednesday, 23 November 2011
Notice sent to Shareholders of the Offer	Friday, 25 November 2011
Shares quoted on an "ex" entitlement basis	Monday, 28 November 2011
Record Date for determining Shareholder Entitlements	5:00pm (WST) Friday, 2 December 2011
Opening date and dispatch of Prospectus to Shareholders	Monday, 5 December 2011
Closing Date of the Offer	Monday, 19 December 2011
Notice sent to ASX of under subscription	Thursday, 22 December 2011
Allotment and dispatch of holding statements for New Shares	Thursday, 29 December 2011
Trading of New Shares issued pursuant to the Offer expected to commence on ASX	Friday, 30 December 2011

**All dates and times are indicative only. These dates are determined based upon the current expectations of the Directors and may be changed with 6 Business Days' prior notice. The Company reserves the right to vary these dates and times, subject to the ASX Listing Rules. The Company will make an announcement to ASX of any changes if they occur. WST refers to the time observed in Perth, Western Australia. All dates and times refer to time observed in Perth, Western Australia. The Company confirms that trading on a deferred settlement basis will not be allowed.*

1.2 Important notes

Shareholders should read this document in its entirety and, if in doubt, should consult their professional advisers.

This Prospectus is dated 23 November 2011 and a copy of this Prospectus was lodged with the ASIC on that date. The ASIC and ASX take no responsibility for the content of this Prospectus.

The expiry date of the Prospectus is 13 months after the date of this Prospectus (**Expiry Date**). No Shares will be allotted or issued on the basis of this Prospectus after the Expiry Date.

Applications for Shares offered pursuant to this Prospectus can only be submitted on an original Entitlement and Acceptance Form which accompanies this Prospectus.

This Prospectus does not constitute an offer in any place in which, or to any person to whom, it would not be lawful to make such an offer.

The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe any of these restrictions. Failure to comply with these restrictions may violate securities laws. Applicants who are resident in countries other than Australia should consult their professional advisers as to whether any governmental or other consents are required or whether any other formalities need to be considered and followed.

The offer of Shares pursuant to this Offer to New Zealand investors is a regulated offer made under Australian and New Zealand law. In Australia, this is Chapter 8 of the Corporations Act and the Corporations Regulations 2001. In New Zealand, this is Part 5 of the *Securities Act 1978* and the *Securities (Mutual Recognition of Securities Offerings – Australia) Regulations 2008*.

The Offer and the content of the Prospectus are principally governed by Australian rather than New Zealand law. In the main, the Corporations Act sets out how the Offer must be made.

There are differences in how securities are regulated under Australian law.

The rights, remedies, and compensation arrangements available to New Zealand investors in Australian securities may differ from the rights, remedies, and compensation arrangements for New Zealand securities.

Both the Australian and New Zealand securities regulators have enforcement responsibilities in relation to the Offer. If you need to make a complaint about the Offer and you are a New Zealand investor, please contact the Securities Commission, Wellington, New Zealand. The Australian and New Zealand regulators will work together to settle your complaint.

The taxation treatment of Australian securities is not the same as for New Zealand securities.

If you are uncertain about whether this investment is appropriate for you, you should seek the advice of an appropriately qualified financial adviser.

The Offer may involve a currency exchange risk. The currency for the Shares is not New Zealand dollars. The value of the Shares will go up or down according to changes in the exchange rate between that currency for the Shares and New Zealand dollars. These changes may be significant. If you expect the Shares to pay any amounts in a currency that is not New Zealand dollars, you may incur significant fees in having the funds credited to a bank account in New Zealand in New Zealand dollars.

As noted in the Prospectus at Section 3.6, the Company will apply to the ASX for quotation of the Shares offered under this Prospectus. If quotation is granted, the Shares offered under this Prospectus will be able to be traded on the ASX. If you wish to trade the Shares through that market and you are a New Zealand investor, you will have to make arrangements for a participant in that market to sell the Shares on your behalf. As the ASX does not operate in New Zealand, the way in which the market operates, the regulation of participants in that market, and the information available to you about the securities and trading may differ from securities markets that operate in New Zealand.

No person is authorised to give information or to make any representation in connection with this Prospectus which is not contained in the Prospectus. Any information or representation not so contained may not be relied on as having been authorised by the Company in connection with this Prospectus.

In making representations in this Prospectus regard has been had to the fact that the Company is a disclosing entity for the purposes of the Corporations Act and certain matters may reasonably be expected to be known to investors and professional advisers whom potential investors may consult.

1.3 Web Site – Electronic Prospectus

A copy of this Prospectus can be downloaded from the website of the Company at www.cellaqua.com. If you are accessing the electronic version of this Prospectus for the purpose of making an investment in the Company, you must be an Australian resident and must only access this Prospectus from within Australia.

The Corporations Act prohibits any person passing onto another person an Entitlement and Acceptance Form unless it is attached to a hard copy of this Prospectus or it accompanies the complete and unaltered version of this Prospectus. You may obtain a hard copy of this Prospectus free of charge by contacting the Company.

The Company reserves the right not to accept an Entitlement and Acceptance Form from a person if it has reason to believe that when that person was given access to the electronic Entitlement and Acceptance Form, it was not provided together with the electronic Prospectus and any relevant supplementary or replacement prospectus or any of those documents were incomplete or altered.

1.4 Forwarding-looking statements

This Prospectus contains forward-looking statements which are identified by words such as 'may', 'could', 'believes', 'estimates', 'targets', 'expects', or 'intends' and other similar words that involve risks and uncertainties.

These statements are based on an assessment of present economic and operating conditions, and on a number of assumptions regarding future events and actions that, as at the date of this Prospectus, are expected to take place.

Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of our Company, the Directors and our management.

The Directors cannot and do not give any assurance that the results, performance or achievements expressed or implied by the forward-looking statements contained in this prospectus will actually occur and investors are cautioned not to place undue reliance on these forward-looking statements.

The Directors have no intention to update or revise forward-looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this prospectus, except where required by law.

These forward looking statements are subject to various risk factors that could cause our actual results to differ materially from the results expressed or

anticipated in these statements. These risk factors are set out in Section 6 of this Prospectus.

1.5 Key Risks

The business, assets and operations of our Company are subject to certain risk factors that have the potential to influence the operating and financial performance of the Company in the future. These risks can impact on the value of an investment in the securities of our Company.

The Board aims to manage these risks by carefully planning its activities and implementing risk control measures. Some of the risks are, however, highly unpredictable and the extent to which the Board can effectively manage them is limited.

Potential investors should consider that the investment in the Company is speculative and should consult their professional advisers before deciding whether to apply for Shares pursuant to this Prospectus.

Set out below are specific risks that the Company is exposed to. Further risks associated with an investment in the Company are outlined in Section 6 of this Prospectus. The occurrence of any of the risks or events outlined below could have a materially adverse effect on the Company's operations and, in turn, the price at which its Shares trade on ASX.

Risk area	Risks	Reference
Future Capital Requirements	The Company's ongoing activities may require capital expenditures. If the Company is unable to continue to use debt or equity to fund capital expenditures after the substantial exhaustion of the net proceeds of the Offer, there can be no assurances that the Company will have sufficient capital resources for that purpose, or other purposes, or that it will be able to obtain additional fundraising on terms acceptable to the Company or at all. The Company's failure to raise capital, if and when needed, could delay or suspend the Company's business strategy and could have a material adverse effect on the Company's activities.	6.2.1
Competition	<p>The Company's current and future potential competitors may include companies with substantially greater resources to develop similar and competing products. There is no assurance that competitors will not succeed in developing products that have higher customer appeal.</p> <p>There can be no guarantee that the increased commercialisation of the Company's products will occur, revenue growth will be stimulated, or that the Company will operate profitably in the short term or at all.</p>	6.2.2

Risk area	Risks	Reference
Operating Risks	<p>There are significant operating risks in the production, development and sale of the Company's products, and operation of its equipment including the following:</p> <ul style="list-style-type: none"> (a) the supply of consumables; (b) control the climate (c) water quality issues; (d) temperature and power cuts; (e) the supply and availability of quality fingerlings; and (f) disease risks. 	6.2.3
Production projections	The Company uses the commercial data from its current operations to assist with future production projections for both its current and new projects in different locations. There are many variables which may impact on the Company's operations in particular there may be new unforeseen conditions in new locations that may affect the production performance of the Company's operations.	6.2.4
Joint venture risks	The Company is subject to the risks normally associated with joint ventures, which include disagreements as to how to develop, operate and finance a project. Furthermore, the Directors are unable to predict the risk of financial failure, non compliance with obligations or default by a joint venture partner in any joint venture to which the Company is, or may become, a party. Such an event may have an adverse effect on the interests and prospects of the Company.	6.2.5
Payment Obligations and other work commitments	Under the terms of any joint ventures and other contractual agreements to which the Company is or may in the future become a party, the Company is or may become subject to payment obligations and other work commitments.	6.2.6
Environmental Risks	The high intensity farming products and activities of the Company are subject to State, Federal and International laws and regulations concerning the environment.	6.2.7

Risk area	Risks	Reference
Approvals	Approvals are required for the Company's operations (including quarantine requirements relating to fingerling movements between countries). Delays in obtaining such approvals can result in the delay or modification to the Company's projected development and production programmes or activities.	6.2.8
Legislative Changes and government policy risks	The Company's financial performance and its capacity to develop its projects and sell its products may be affected by changes in government legislation, regulation and policies, which are beyond the control of the Company.	6.2.9
Reliance on key personnel.	The Company has and continues to rely on key personnel to execute its development plans.	6.2.10
Operating risks associated with operating in a foreign country	The Company's joint venture operations and sales of its products are subject to the risks associated with operating in a foreign country.	6.2.11
Foreign exchange	A proportion of the Company's revenues, cash inflows, other expenses, capital expenditure and commitments may be denominated in foreign currencies. To comply with Australian reporting requirements the income, expenditure and cash flows of the Company will need to be accounted for in Australian dollars. This will result in the income, expenditure, and cash flows of the Company being exposed to the fluctuations and volatility of the rate of exchange between other currencies and the Australian dollar, as determined in international markets.	6.2.12
Intellectual property	<p>The Company has made reasonable efforts to protect the Company's intellectual property; however, unauthorised use or exploitation of its intellectual property may occur and result in an adverse effect on the operating and financial performance of the Company.</p> <p>The Company may experience conflict with third parties who may contest its rights to what it believes is its intellectual property, particularly in countries other than Australia.</p>	6.2.13

Risk area	Risks	Reference
Project liability insurance	A failure to obtain or have available product liability insurance for the sale and supply of the Company's products and any other appropriate insurance coverage is a risk which may detrimentally impact the Company. There are no assurances that the Company will be able to obtain necessary insurances or terms acceptable to the Company or at all.	6.2.14

2. CORPORATE DIRECTORY

Directors

Perryman Leach
Chairman

Peter G Burns
Managing Director

Captain Suresh Abishegam
Non-Executive Director

Peter Bodycoat
Finance Director

Company Secretary

Ian Gregory

Registered Office

Suite 53, 15 Labouchere Road
SOUTH PERTH, WA, 6151

Telephone: +61 8 9367 5815
Facsimile: +61 8 9367 6819

Website

www.cellaqua.com

General Enquiries

Telephone: +61 8 9367 5815
E-mail: info@cellaqua.com

Solicitors

Steinepreis Paganin

Level 4, The Read Buildings
16 Milligan Street
PERTH WA 6000

Auditors*

BDO Audit (WA) Pty Ltd trading as
BDO

38 Station Street
SUBIACO WA 6008

ASX Code

CAQ

Share Registry*

Advanced Share Registry Services

150 Stirling Highway
NEDLANDS, WA, 6009

Telephone: (08) 9389 8033

*These parties have been included for information purposes only. They have not been involved in the preparation of this Prospectus.

3. DETAILS OF THE OFFER

3.1 Offer

By this Prospectus, the Company offers for subscription approximately 52,788,573 New Shares pursuant to a pro-rata non-renounceable entitlement issue to Shareholders of one (1) new Share for every four (4) Shares held on the Record Date at an issue price of \$ 0.04 per Share.

In calculating Entitlements under the Entitlement Issue, fractions will be rounded up to the nearest whole number.

Based on the capital structure of the Company, the maximum number of Shares to be issued pursuant to the Offer is approximately 52,788,573. The Offer will raise approximately \$ 2,111,542 (before costs). The purpose of the Offer and the use of funds raised are set out in Section 4 of this Prospectus.

The Company does not currently have any Options on issue as at the date of this Prospectus.

3.2 How to accept the Offer

Your acceptance of the Offer must be made on the Entitlement and Acceptance Form accompanying this Prospectus. Your acceptance must not exceed your Entitlement as shown on that form. If it does, your acceptance will be deemed to be for your maximum Entitlement, and you will be deemed to have applied for any excess Shares above your Entitlement under the Shortfall Offer.

You may participate in the Offer as follows:

- (a) if you wish to accept your Entitlement in full:
 - (i) complete the Entitlement and Acceptance Form, filling in the details in the spaces provided; and
 - (ii) attach your cheque for the amount indicated on the Entitlement and Acceptance Form or pay via BPay by following the instructions set out on the Entitlement and Acceptance Form (Applicants should ensure they include their reference number if paying by BPay); or
- (b) if you only wish to accept part of your Entitlement:
 - (i) fill in the number of Shares you wish to accept in the space provided on the Entitlement and Acceptance Form; and
 - (ii) attach your cheque for the appropriate application monies (at \$0.04 per Share) or pay via BPay by following the instructions set out on the Entitlement and Acceptance Form (Applicants should ensure they include their reference number if paying by BPay); or
- (c) if you wish to apply for securities in excess of your Entitlement please refer to section 3.5 of this Prospectus which sets out the Shortfall Offer;
- (d) if you do not wish to accept all or part of your Entitlement, you are not obliged to do anything.

All cheques must be drawn on an Australian bank made payable in Australian currency to "**Cell Aquaculture Ltd – Trust Account**" and crossed "Not Negotiable".

If paying by BPay, applicants should be aware that their own financial institution may implement earlier cut off times with regards to electronic payment and it is the responsibility of the Applicant to ensure that funds are submitted through BPay by the date and time mentioned above. If you elect to pay via BPay, you must follow the instructions for BPay set out in the Entitlement and Acceptance Form (which includes the Biller Code and your unique Customer Reference Number) and you will not need to return the Entitlement and Acceptance Form.

If paying by BPay, please make sure to use the specific Biller Code and unique Customer Reference Number on your Entitlement and Acceptance Form. If you receive more than one personalised Entitlement and Acceptance Form, you will need to complete individual BPay transactions using the Customer Reference Number specific to each individual personalised Entitlement and Acceptance Form that you receive. If you inadvertently use the same Customer Reference Number for more than one of your Entitlements, you will be deemed to have applied only for your Entitlement to which that Customer Reference Number applies and for any excess amount you will be deemed to have applied for the excess Shares under the Shortfall Offer (refer to section 3.5 for details of the Shortfall Offer).

Your completed Entitlement and Acceptance Form and cheque (or BPay payment) must reach the Company's share registry no later than 5:00pm (WST) on the Closing Date.

The Offer is non-renounceable. Accordingly, a Shareholder may not sell or transfer all or part of their Entitlement.

3.3 Minimum subscription

The minimum subscription to the Offer is \$800,000. If this amount has not been raised within 3 months after the date of this Prospectus, the Company will not issue any New Shares and will repay all application monies for the New Shares within the time prescribed under the Corporations Act, without interest.

3.4 Underwriting

The Entitlement Issue is underwritten to the extent of \$500,000 by John Oakley Clinton (**Underwriter**). Refer to Section 7.2.3 of this Prospectus for further details of the terms of the underwriting.

3.5 Shortfall Offer

If you do not wish to take up any part of your Entitlement you are not required to take any action. That part of your Entitlement not taken up will form part of the Shortfall. Shareholders who wish to apply for Shares above their Entitlement can apply for additional shares using the Shortfall Application Form accompanying this Prospectus and return it, together with a cheque (or BPay payment) for the value of those Shortfall Shares (at \$0.04 per Share) to the Company.

The offer of the Shortfall is a separate offer pursuant to this Prospectus. The issue price of any Shares offered pursuant to the Shortfall Offer shall be \$0.04 being the price at which the Entitlement has been offered to Shareholders pursuant to this Prospectus. The Shortfall shall be placed at the discretion of the Company. The Company reserves the right to allot to an Applicant a lesser number of

Shortfall Shares than the number for which the Applicant applies, or to reject an application, or to not proceed with placing the Shortfall.

The Shortfall Offer will close on the Closing Date.

3.6 ASX listing

Application for official quotation by ASX of the New Shares offered pursuant to this Prospectus will be made within 7 days after the date of this Prospectus. If approval is not obtained from ASX before the expiration of 3 months after the date of issue of the Prospectus, (or such period as modified by the ASIC), the Company will not issue any Shares and will repay all application monies for the Shares within the time prescribed under the Corporations Act, without interest.

The fact that ASX may grant official quotation to the Shares is not to be taken in any way as an indication of the merits of the Company or the Shares now offered for subscription.

3.7 Allotment of Shares

Shares issued pursuant to the Offer will be allotted as soon as practicable after the Closing Date. The Company will allot the Shares on the basis of a Shareholder's Entitlement and the Shortfall Offer. Where the number of Shares issued is less than the number applied for, or where no allotment is made, surplus application monies will be refunded without any interest to the Applicant as soon as practicable after the Closing Date.

Pending the allotment and issue of the Shares or payment of refunds pursuant to this Prospectus, all application monies will be held by the Company in trust for the Applicants in a separate bank account as required by the Corporations Act. The Company, however, will be entitled to retain all interest that accrues on the bank account and each Applicant waives the right to claim interest.

3.8 Overseas Shareholders

This Offer does not, and is not intended to, constitute an offer in any place or jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer or to issue this Prospectus.

It is not practicable for the Company to comply with the securities laws of overseas jurisdictions having regard to the number of overseas Shareholders, the number and value of Securities these Shareholders would be offered and the cost of complying with regulatory requirements in each relevant jurisdiction. Accordingly, the Offer is not being extended and Securities will not be issued to Shareholders with a registered address which is outside Australia or New Zealand.

Shareholders resident in New Zealand should consult their professional advisers as to whether any government or other consents are required, or other formalities need to be observed, to enable them to exercise their Entitlements under the Offer.

3.9 Taxation implications

The Directors do not consider that it is appropriate to give Applicants advice regarding the taxation consequences of applying for Securities under this Prospectus, as it is not possible to provide a comprehensive summary of the possible taxation consequences. The Company, its advisers and officers, do not

accept any responsibility or liability for any taxation consequences to Applicants. Potential Applicants should, therefore, consult their own professional tax adviser in connection with the taxation implications of the Shares offered pursuant to this Prospectus.

3.10 Clearing House Electronic Sub-Register System (CHES) and Issuer Sponsorship

The Company will not be issuing share certificates. The Company will apply to ASX to participate in CHES, for those investors who have, or wish to have, a sponsoring stockbroker. Investors who do not wish to participate through CHES will be issuer sponsored by the Company. Because the sub-registers are electronic, ownership of securities can be transferred without having to rely upon paper documentation.

Electronic registers mean that the Company will not be issuing certificates to investors. Instead, investors will be provided with a statement (similar to a bank account statement) that sets out the number of Shares allotted to them under this Prospectus. The notice will also advise holders of their Holder Identification Number or Security Holder Reference Number and explain, for future reference, the sale and purchase procedures under CHES and issuer sponsorship.

Further monthly statements will be provided to holders if there have been any changes in their security holding in the Company during the preceding month.

3.11 Privacy

If you complete an application for Shares, you will be providing personal information to the Company (directly or by the Company's share registry). The Company collects, holds and will use that information to assess your application, service your needs as a Shareholder, facilitate distribution payments and corporate communications to you as a Shareholder and carry out administration.

The information may also be used from time to time and disclosed to persons inspecting the register, bidders for your securities in the context of takeovers, regulatory bodies, including the Australian Taxation Office, authorised securities brokers, print service providers, mail houses and the Company's share registry.

You can access, correct and update the personal information that we hold about you. Please contact the Company or its share registry if you wish to do so at the relevant contact numbers set out in this Prospectus.

Collection, maintenance and disclosure of certain personal information is governed by legislation including the *Privacy Act 1988* (Cth) (as amended), the Corporations Act and certain rules such as the ASTC Settlement Rules. You should note that if you do not provide the information required on the application for Shares, the Company may not be able to accept or process your application.

4. PURPOSE AND EFFECT OF THE OFFER

4.1 Purpose of the Offer

The purpose of the Offer is to raise approximately \$ 2,111,542 (before expenses). The proceeds of the Offer are planned to be used in accordance with the table set out below:

Use of proceeds of the Offer	Minimum subscription \$	Full Subscription \$
Expansion and promotion of Cell Aqua Foods Pty Ltd	200,000	200,000
Reduction of the Company's current debt	536,000	700,000
Development of current operations (other than Cell Aqua Foods Pty Ltd)	Nil	500,000
Working capital	Nil	647,542
Expenses of the Offer	64,000	64,000
Total	800,000	2,111,542

Notes:

1. Refer to Section 7.5 of this Prospectus for further details relating to the estimated expenses of the Offer.

2. Refer to Section 7.2.1 of this Prospectus for details regarding the Company's funding arrangements with La Jolla.

The expenditures shown above may be subject to change, and will be contingent upon results, circumstances and other opportunities.

In the event more than \$800,000 but less than \$2,111,542 is raised pursuant to this Prospectus, the Company intends to allocate the funds first towards , after taking into account the expenses of the Offer, the reduction of the Company's debt, second towards development of the expansion and promotion of Cell Aqua Foods Limited.. Given the inherent uncertainties associated with the Company's operation, budgets may be altered to accommodate the results of development activities as they come to hand.

4.2 Effect of the Offer and pro forma consolidated balance sheet

The principal effect of the Offer will be to:

- (a) increase the cash reserves by approximately \$2,111,542 immediately after completion of the Offer after deducting the estimated expenses of the Offer; and
- (b) increase the number of Shares on issue from 211,154,294, to approximately 263,942,867 Shares following completion of the Offer.

4.3 Consolidated balance sheet

The audited Balance Sheet as at 30th June 2011 and the Pro Forma Balance Sheet as at 30th June 2011 shown on the following page have been prepared on

the basis of the accounting policies normally adopted by the Company and reflect the changes to its financial position. They have been prepared on the assumption that all Shares offered pursuant to the Offer in this Prospectus are issued.

The Balance Sheets have been prepared to provide Shareholders with information on the assets and liabilities of the Company and pro-forma assets and liabilities of the Company as noted below. The historical and pro-forma financial information is presented in an abbreviated form, insofar as it does not include all of the disclosures required by Australian Accounting Standards applicable to annual financial statements.

Consolidated Balance Sheet and Pro Forma Balance Sheet as at 30 June 2011

	Notes	30-Jun-11 Actual	Post Capital Raising Pro-forma
CURRENT ASSETS			
Cash and cash equivalents	1	977,893	2,360,179
Trade and other receivables		157,575	157,575
Inventories		190,707	190,707
Biological assets		92,651	92,651
Total Current Assets		1,418,826	2,801,112
NON CURRENT ASSETS			
Receivables	2	500,149	344,951
Property, plant and equipment		462,645	462,645
TOTAL NON CURRENT ASSETS		962,794	807,596
TOTAL ASSETS		2,381,620	3,608,708
CURRENT LIABILITIES			
Trade and other payables		319,570	254,494
Borrowings		113,686	113,686
Derivative financial instrument		615,493	615,493
TOTAL CURRENT LIABILITIES		1,048,749	983,673
TOTAL LIABILITIES		1,048,749	983,673
NET ASSETS		1,332,871	2,625,035
EQUITY			
Contributed equity	3	18,344,635	20,392,177
Accumulated losses		(17,539,446)	(18,294,824)
Reserves		722,169	722,169
Capital and reserves attributable to owners of the Company		1,527,358	2,819,522
Non-controlling interests		(194,487)	(194,487)
TOTAL EQUITY		1,332,871	2,625,035

Notes and Assumptions

1. Cash & Cash Equivalents

Cash & cash equivalents as at 30 June 2011	977,893
Income Received	302,065
Estimated operational costs incurred since 30 June 2011	28,500
Estimated administration and operational costs incurred since 30 June 2011	820,749
Estimated capital costs incurred since 30 June 2011	211,446
Reduction in trade & other payables	65,076
Reduction in trade & other receivables	158,450
Capital raised from Entitlement Issue (after costs)	2,047,542
Cash & cash equivalents as per pro forma Balance Sheet post completion of the Entitlement Issue	<u>2,360,179</u>

2. Receivables

Subsequent to the balance date, on 29 September 2011, Cell Aqua Malaysia Sdn Bhd received a first payment of Malaysian Ringgit 500,000 (\$155,198) from TRG Cell Sdn Bhd and Directors anticipate the remaining \$344,951 owing to the Company will be recovered as the project redevelops.

3. Issued Capital

Issued Capital as at 30 June 2011	18,344,635
Placement of 52,788,573 shares @ 4c	2,111,542
Capital raised from Entitlement Issue (after costs)	2,047,542
Total issued capital per pro forma Balance Sheet post completion of the Entitlement Issue	<u>20,392,177</u>

The key assumptions on which the pro-forma balance sheet is based are as follows:

- (a) Cell Aquaculture Ltd issues 52,788,573 Shares at \$0.04 per Share pursuant to this Offer. The issue will raise approximately \$2,111,542.
- (b) Cell Aquaculture Ltd incurs transaction costs of \$64,000 for the Entitlement Issue under the Offer which have been recognised directly against the share capital, as a reduction of the proceeds of the Entitlement Issue.

- (c) The accounting policies adopted in the preparation of the pro forma Balance Sheet are consistent with the accounting policies adopted and described in the Company's financial report for the year ended 30 June 2011 and should be read in conjunction with that financial report.
- (d) Cell Aquaculture Ltd does not issue any Options, and no Options are exercised prior to the Record Date.
- (e) Cell Aquaculture Ltd suffers no materially adverse event.

4.4 Effect on capital structure

A comparative table of changes in the capital structure of the Company as a consequence of the Offer is set out below, assuming that the Offer is fully subscribed.

Shares	Number
Shares on issue at date of Prospectus	211,154,294
Shares now offered	52,788,573
Total Shares on issue after completion of the Entitlement Issue	263,942,867

The Company does not currently have any options on issue.

5. RIGHTS AND LIABILITIES ATTACHING TO THE SHARES

5.1 Terms of Shares

The following is a summary of the more significant rights and liabilities attaching to Shares to be issued pursuant to this Prospectus. This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of Shareholders. To obtain such a statement, persons should seek independent legal advice.

Full details of the rights and liabilities attaching to Shares are set out in the Company's Constitution, a copy of which is available for inspection at the Company's registered office during normal business hours.

5.1.1 General meetings

Shareholders are entitled to be present in person, or by proxy, attorney or representative to attend and vote at general meetings of the Company.

Shareholders may requisition meetings in accordance with Section 249D of the Corporations Act and the Constitution of the Company.

5.1.2 Voting rights

Subject to any rights or restrictions for the time being attached to any class or classes of Shares, at general meetings of Shareholders or classes of Shareholders:

- (a) each Shareholder entitled to vote may vote in person or by proxy, attorney or representative;
- (b) on a show of hands, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder has one vote; and
- (c) on a poll, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder shall, in respect of each Share held by him, or in respect of which he is appointed a proxy, attorney or representative, have one vote for each Share held, but in respect of partly paid shares shall have a fraction of a vote equivalent to the proportion which the amount paid up bears to the total issue price for the share.

5.1.3 Dividend rights

The Directors may from time to time declare and pay or credit a dividend in accordance with the Corporations Act. Subject to any special right as to dividends attaching to a share, all dividends will be declared and paid according to the proportion which the amount paid on the Share is to the total amount payable in respect of the Shares (but any amount paid during the period in respect of which a dividend is declared only entitles the Shareholder to an apportioned amount of that dividend as from the date of payment). The Directors may from time to time pay or credit to the Shareholders such interim dividends as they may determine. No dividends shall be payable except out of profits. A determination by the Directors as to the profits of the Company shall be conclusive. No dividend shall carry interest as against the Company

The Directors may from time to time grant to Shareholders or any class of shareholders the right to elect to reinvest cash dividends paid by the Company by subscribing for Shares in the Company on such terms and conditions as the

Directors think fit. The Directors may, at their discretion, resolve in respect of any dividend which it is proposed to pay or to declare on any Shares of the Company, that holders of such Shares may elect to forgo their right to the whole or part of the proposed dividend and to receive instead an issue of Shares credited as fully paid to the extent and on the terms and conditions of the Constitution. The Directors may set aside out of the profits of the Company such amounts as they may determine as reserves, to be applied at the discretion of the Directors, for any purpose for which the profits of the Company may be properly applied.

5.1.4 Winding-up

If the Company is wound up, the liquidator may, with the authority of a special resolution, divide among the Shareholders in kind the whole or any part of the property of the Company, and may for that purpose set such value as he considers fair upon any property to be so divided, and may determine how the division is to be carried out as between the Shareholders or different classes of Shareholders. The liquidator may, with the authority of a special resolution, vest the whole or any part of any such property in trustees upon such trusts for the benefit of the contributories as the liquidator thinks fit, but so that no Shareholder is compelled to accept any Shares or other securities in respect of which there is any liability.

5.1.5 Transfer of Shares

Generally, Shares in the Company are freely transferable, subject to formal requirements, the registration of the transfer not resulting in a contravention of or failure to observe the provisions of a law of Australia and the transfer not being in breach of the Corporations Act and the Listing Rules.

5.1.6 Future increase in capital

The allotment and issue of any new Shares is under the control of the Directors of the Company. Subject to restrictions on the issue or grant of securities contained in the Listing Rules, the Constitution and the Corporations Act (and without affecting any special right previously conferred on the holder of an existing share or class of shares), the Directors may issue Shares as they shall, in their absolute discretion, determine.

5.1.7 Variation of rights

Under Section 246B of the Corporations Act, the Company may, with the sanction of a special resolution passed at a meeting of Shareholders vary or abrogate the rights attaching to Shares.

If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class), whether or not the Company is being wound up, may be varied or abrogated with the consent in writing of the holders of three quarters of the issued shares of that class, or if authorised by a special resolution passed at a separate meeting of the holders of the shares of that class.

6. RISK FACTORS

6.1 Introduction

Applicants should consider the risk factors described below, together with information contained elsewhere in this Prospectus, before deciding whether to apply for New Shares pursuant to this Entitlement Issue. Potential Applicants should consider that the investment in the Company is speculative and should consult their professional advisers before deciding whether to apply for Shares pursuant to this Entitlement Issue.

There are specific risks which relate directly to the Company's business. In addition, there are other general risks, many of which are largely beyond the control of the Company and the Directors. The risks identified in this section, or other risk factors, may have a material impact on the financial performance of the Company and the market price of the Shares.

The following is not intended to be an exhaustive list of the risk factors to which the Company is exposed.

6.2 Risks specific to the Company

6.2.1 Future Capital Requirements

The Company's ongoing activities may require capital expenditures. There can be no guarantee that the funds raised through the Offer will be sufficient to successfully achieve all the objectives of the Company's overall business strategy. If the Company is unable to continue to use debt or equity to fund its capital expenditure after the substantial exhaustion of the net proceeds of the Offer, there can be no assurances that the Company will have sufficient capital resources for that purpose, or other purposes, or that it will be able to obtain additional fundraising on terms acceptable to the Company or at all. Any additional equity financing may be dilutive to Shareholders and any debt financing if available may involve restrictive covenants, which may limit the Company's operations and business strategy.

Shareholders should note that the financial statements of the Company for the year ended 30 June 2011 have been prepared on a going concern basis. However the ability of the Company to continue as a going concern and to meet planned and committed expenditure requirements is subject to the Company successfully exploiting its current projects and/or obtaining equity or debt capital.

The Company's failure to raise capital, if and when needed, could delay or suspend the Company's business strategy and could have a material adverse effect on the Company's activities.

6.2.2 Competition

The Company's current and future potential competitors may include companies with substantially greater resources to develop similar and competing products. There is no assurance that competitors will not succeed in developing products that have higher customer appeal.

There can be no guarantee that the increased commercialisation of the Company's products will occur, revenue growth will be stimulated or that the Company will operate profitably in the short term or at all.

6.2.3 Operating Risks

The current and future operations of the Company, including development, sales and possible production activities may be affected by a range of factors, including:

(a) Supply of consumables

It is critical for any aquaculture operation to have reliable and high quality supply of all key consumables; the most critical being feed for the fish stock. An interruption in the supply of feed for the Company's operations could adversely impact the production output and cash flow of the Company. To mitigate this risk the Company engages one key and one supplementary feed supplier on an on-going basis to meet its feed requirements.

(b) Climate controlled environments

The Company's proprietary equipment includes specialised buildings, plant and equipment designed and proven to maintain ideal environment when operated correctly for aquaculture operations. The Company aims to mitigate risks of climate conditions changing within these buildings. Failures of Company's equipment may result in production delays and an inability of the Company to maintain supply which may have a negative impact on the Company's future operations, cash flows and viability.

(c) Water quality issues

The Company's production methods are undertaken in controlled environmental conditions including control of the quality of water used in the production process. The quality of the incoming water can change under different environmental conditions such as during periods of heavy rain, particularly where water supplies are influenced by other land based run-off. Poor water quality could adversely impact the production output and cash flow of the Company.

(d) Temperature and power cuts

The Company's production methods are undertaken in environmentally controlled structures including maintaining temperatures in those structures at optimal levels for production all year-round. A loss or interruption to the power supply resulting in a failure of the Company's equipment and changes to the temperature in the environmentally controlled structures may adversely impact the Company's production from these facilities. To mitigate this risk the Company has installed back-up power generators with automatic switching, should the normal mains power supply be disrupted.

(e) Supply of fry (availability of healthy fingerlings)

The Company has considerable experience in the production of high quality Barramundi fry from its Queensland based hatchery operations, providing a proven, consistent and reliable supply of quality starter stock. An interruption to the supply of quality starter stock could adversely impact the production output and cash flow of the Company.

- (f) Diseases such as bacterial or fungal infections.

Production delays due to disease-related reductions in growth rates and disease-related stock losses are substantial problems for any aquaculture operation. The Company has considerable expertise in identifying and treating fish diseases and the modular design of the Company's aquaculture systems, increases bio-security and significantly minimises disease risks. The Company endeavours to manage foreseeable bio-security and disease management risks however, as with any biology-based endeavour, unknown or unforeseen disease-related problems may pose an on-going risk.

6.2.4 Production projections

The Company uses the commercial data from its current operations to assist with future projections for both its current and new projects in different locations. Whilst this information assists with forward projections, there are many variables which may impact on the Company's operations; in particular there may be new unforeseen conditions in new locations that may affect the Company's production performance.

6.2.5 Joint venture risks

The Company is, and may become in the future, a party to joint venture agreements governing the development of its projects. The Company is subject to the risks normally associated with joint ventures, which include disagreements as to how to develop, operate and finance a project. Where a joint venture partner does not act in the best interests of the joint venture, it could have an adverse effect on the interests and prospects of the Company. Furthermore, the Directors are unable to predict the risk of financial failure, non compliance with obligations or default by a joint venture partner in any joint venture to which the Company is, or may become, a party. Such an event may have an adverse effect on the interests and prospects of the Company.

6.2.6 Payment obligations and other work commitments

Under the terms of the joint ventures and other contractual agreements to which the Company is or may in the future become a party, the Company is or may become subject to payment obligations and other work commitments. Failure to meet these work commitments or if any contractual obligations are not complied with when due, in addition to any other remedies that may be available to other parties could result in dilution or forfeiture of the interest held by the Company.

6.2.7 Environmental risks

The high intensity farming activities of the Company are subject to State, Federal and International laws and regulations concerning the environment.

The Company intends to conduct its activities in an environmentally responsible manner and in accordance with applicable laws and industry standards.

Liabilities could be imposed on the Company for damages, clean up costs or penalties in the event of or non-compliance with environmental laws or regulations.

There is a risk that environmental laws and regulations become more onerous making the Company's operations more expensive.

6.2.8 Approvals

Approvals are required for the Company's operations (including quarantine requirements relating to fingerling movements between countries). Delays in obtaining such approvals can result in the delay or modification to anticipated development and production programmes or activities.

Obtaining necessary permits and approvals can be a time consuming process and there is a risk that the Company may not obtain such permits for any new production locations on acceptable terms, in a timely manner or at all.

6.2.9 Legislative changes and Government policy risk

Changes in government legislation, regulations and policies may adversely affect the financial performance of the Company, the Company's capacity to develop its projects, or limit its potential marketing and customers.

6.2.10 Key personnel and employees risk

The responsibility of overseeing the day-to-day operations and the strategic management of the Company depends substantially on its senior management and its key personnel. There can be no assurance that there will be no detrimental impact on the Company if one or more of these employees cease their employment.

6.2.11 Operating risks associated with operating in a foreign country

The Company's joint venture operations and sales of its products are subject to the risks associated with operating in a foreign country. These risks may include economic, social or political instability or change, hyperinflation, currency non-convertibility or instability, and changes of law affecting foreign ownership, government participation, taxation, working conditions, rates of exchange, exchange control, licensing, export duties, repatriation of income or return of capital, environmental protection, safety, and labour relations, as well as government control over properties, or government regulations that require the employment of local staff or contractors, or require other benefits to be provided to local residents.

Any future material adverse changes in government legislation, regulation or policies in Malaysia, Thailand, or Australia may affect the viability of the Company and its operations.

6.2.12 Foreign exchange

The Company currently has a joint venture with a Malaysian State Government which functions using the currency of Malaysian Ringgit. The Company also operates a production facility in Thailand which functions using the currency of Thai Baht.

In the future a proportion of the Company's revenues, cash inflows, other expenses, capital expenditure, and commitments may be denominated in foreign currencies.

To comply with Australian reporting requirements the income, expenditure and cash flows of the Company will need to be accounted for in Australian dollars. This will result in the income, expenditure, and cash flows of the Company being exposed to the fluctuations and volatility of the rate of exchange between

other currencies and the Australian dollar, as determined in international markets.

The Company has not put in place any hedges in relation to foreign exchange. This may or may not result in the Company being exposed to exchange rate risk, which could have an impact on the profitability and/or financial position of the Company.

6.2.13 Intellectual property

The trademarks and other intellectual property of the Company are regarded as critical to its success. Accordingly, the Company is reliant on regulations regarding copyright and trade marks and confidentiality restrictions with staff, contractors, and others to safeguard its intellectual property rights. The Company has made reasonable efforts to protect the Company's intellectual property; however, unauthorised use or exploitation of its intellectual property may occur and result in an adverse effect on the operating and financial performance of the Company.

The Company may experience conflict with third parties who may contest its rights to what it believes is its intellectual property, particularly in countries other than Australia. The Company cannot assure potential investors that the actions it has taken to establish and protect its intellectual property rights will be adequate to prevent imitation of its products by others or to prevent others from seeking to block sales of its products as a violation of proprietary rights of others.

6.2.14 Product liability insurance

The sale and supply of the Company's products is generally likely to require product liability insurance. A failure to obtain or have available product liability insurance and any other appropriate insurance coverage is a risk which may detrimentally impact the Company. There are no assurances that the Company will be able to obtain necessary insurances or terms acceptable to the Company or at all.

6.3 General risks

The value of the Company's Securities is affected by a number of general factors which are beyond the control of the Company and its Directors including those set out below.

6.3.1 Legal proceedings

The Company currently has no legal proceedings pending.

6.3.2 Force majeure

The Company's projects and operations now or in the future may be adversely affected by risks outside the control of the Company including labour unrest, civil disorder, war, subversive activities or sabotage, fires, floods, explosions or other catastrophes, epidemics or quarantine restrictions.

6.3.3 Economic risks

General economic conditions, movements in interest and inflation rates and currency exchange rates may have an adverse effect on the Company's development and future production activities, as well as on its ability to fund those activities.

Further, share market conditions may affect the value of the Company's quoted securities regardless of the Company's operating performance. Share market conditions are affected by many factors such as:

- (a) general economic outlook;
- (b) interest rates and inflation rates;
- (c) currency fluctuations;
- (d) changes in investor sentiment toward particular market sectors;
- (e) the demand for, and supply of, capital; and
- (f) terrorism or other hostilities.

6.3.4 Market conditions

The market price of securities can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities. Neither the Company nor the Directors warrant the future performance of the Company or any return on an investment in the Company.

6.3.5 Security investments

Applicants should be aware that there are risks associated with any securities investment. Securities listed on the stock market have experienced extreme price and volume fluctuations that have often been unrelated to the operating performances of such companies. These factors may materially affect the market price of the securities regardless of the Company's performance.

6.3.6 Dividends

Any future determination as to the payment of dividends by the Company will be at the discretion of the Directors and will depend on the availability of distributable earnings and operating results and financial condition of the Company, future capital requirements and general business and other factors considered relevant by the Directors. No assurance in relation to the payment of dividends or franking credits attaching to dividends can be given by the Company.

6.4 Investment speculative

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of the Shares offered under this Prospectus. Therefore, the Shares to be issued pursuant to this Prospectus carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those securities.

Potential investors should consider that an investment in the Company is speculative and should consult their professional advisers before deciding whether to apply for Shares pursuant to this Prospectus.

7. ADDITIONAL INFORMATION

7.1 Continuous disclosure obligations

The Company is a “disclosing entity” (as defined in Section 111AC of the Corporations Act) for the purposes of Section 713 of the Corporations Act and, as such, is subject to regular reporting and disclosure obligations. Specifically, like all listed companies, the Company is required to continuously disclose any information it has to the market which a reasonable person would expect to have a material effect on the price or the value of the Company’s securities.

This Prospectus is a “transaction specific prospectus”. In general terms “transaction specific prospectuses” are only required to contain information in relation to the effect of the issue of securities on the Company and the rights attaching to the securities. It is not necessary to include general information in relation to all of the assets and liabilities, financial position, profits and losses or prospects of the issuing company.

This Prospectus is intended to be read in conjunction with the publicly available information in relation to the Company which has been notified to ASX and does not include all of the information that would be included in a prospectus for an initial public offering of securities in an entity that is not already listed on a stock exchange. Investors should therefore have regard to the other publicly available information in relation to the Company before making a decision whether or not to invest.

Having taken such precautions and having made such enquires as are reasonable, the Company believes that it has complied with the general and specific requirements of ASX as applicable from time to time throughout the 12 months before the issue of this Prospectus which required the Company to notify ASX of information about specified events or matters as they arise for the purpose of ASX making that information available to the stock market conducted by ASX.

Information that is already in the public domain has not been reported in this Prospectus other than that which is considered necessary to make this Prospectus complete.

The Company, as a disclosing entity under the Corporations Act, states that:

- (a) it is subject to regular reporting and disclosure obligations;
- (b) copies of documents lodged with the ASIC in relation to the Company (not being documents referred to in Section 1274(2)(a) of the Corporations Act) may be obtained from, or inspected at, the offices of the ASIC; and
- (c) it will provide a copy of each of the following documents, free of charge, to any person on request between the date of issue of this Prospectus and the Closing Date:
 - (i) the financial statements of the Company for the financial year ended 30 June 2011 being the last financial statements for a financial year, of the Company lodged with the ASIC before the issue of this Prospectus;
 - (ii) any half year financial statements of the Company lodged with ASIC since the lodgement of the last financial statements for the

year ended 30 June 2011 lodged with ASIC before the issue of this Prospectus; and

- (iii) any documents used to notify ASX of information relating to the Company in the period from lodgement of the financial statements referred to in paragraph (i) above until the issue of the Prospectus in accordance with the Listing Rules as referred to in Section 674(1) of the Corporations Act.

Copies of all documents lodged with the ASIC in relation to the Company can be inspected at the registered office of the Company during normal office hours.

The Company has lodged the following announcements with ASX since the lodgement of the 30 June 2011 audited financial statements:

Date	Description of Announcement
03/10/2011	2011 Annual Financial Report
11/10/2011	Significant Malaysian Progress
17/10/2011	New Production Project to Commence
18/10/2011	Quarterly Report September 2011
21/10/2011	Appendix 3B New Issue Announcement
24/10/2011	Company Update October 2011
27/10/2011	Notice of AGM and Proxy Form
31/10/2011	2011 Annual Report

ASX maintains files containing publicly available information for all listed companies. The Company's file is available for inspection at ASX during normal office hours.

The announcements are also available through the Company's website www.cellaqua.com.

7.2 Material contracts

The following are summaries of the significant terms of the material agreements which relate to the business of the Company.

7.2.1 Funding Agreement

On 25 January 2011 the Company entered into a Funding Agreement with La Jolla (**Funding Agreement**). Details of the terms of the Funding Agreement were set out in a Cleansing Statement released by the Company to the ASX on 1 February 2011.

To date, the Company has drawn down a total amount of US\$1,050,000 pursuant to the Funding Agreement and La Jolla Cove has converted A\$375,000 into Shares in the Company, proportionately reducing the debt owed by the Company. In September 2011, the Board temporarily elected not to take any

further funding under the Funding Agreement whilst assessing other funding options for the Company.

7.2.2 Aquaculture Facility Service Agreement

The Company, through its wholly owned subsidiary C Aquaculture (Thailand) Limited (**C Aquaculture**), has entered into an aquaculture facility service agreement with Phuket Abalone Co (**Phuket Abalone**) for aquaculture facilities located in Phang Nga, Thailand (**Facility Service Agreement**). The Facility Service Agreement commenced on 15 October 2010 and for a term of 2 years expiring on 14 October 2012. The total fee payable under the Facility Service Agreement for the initial 2 year term is 4,725,000 Baht (exclusive of VAT).

C Aquaculture also has options for two 3 year extensions of the Facility Service Agreement. If the Company exercises the first extension of the Facility Service Agreement for a further term of three years it will be required to pay a service fee of 3,000,000 Baht (exclusive of VAT) per annum, payable annually in advance and will commence on 14 October 2012. If the Company exercises the second extension of the Facility Service Agreement for a further term of three years it will be required to pay a service fee of 3,300,000 Baht (exclusive of VAT) per annum, payable annually in advance, and will commence on 14 October 2015.

If C Aquaculture fails to pay the service fees pursuant to the Facility Service Agreement it must pay a penalty equal to 8% per annum of the service fee, and Phuket Abalone may terminate the Facility Service Agreement immediately. Otherwise, if either party breaches the Facility Service Agreement, the other party is entitled to terminate the agreement and claim compensation under the Facility Service Agreement. The Facility Service Agreement is governed by the laws of Thailand.

7.2.3 Underwriting Agreement

Pursuant to an agreement dated 22 November 2011 between John Oakley Clinton (**Underwriter**) and the Company (**Underwriting Agreement**), the Underwriter has irrevocably commits to underwrite \$500,000 of the Offer, by subscribing for the Shortfall Shares up to a maximum of 12,500,000 Shortfall Shares.

Upon receipt of cleared funds from the Underwriter for the Shortfall Shares the Company will pay to the Underwriter an underwriting fee of \$40,000 (being 8% of the amount underwritten).

The Underwritten Shares taken pursuant to the Underwriting Agreement will be on the same terms as those issued under the Offer.

The Underwriting Agreement also contains a number of representations and warranties that are considered standard for an agreement of this type.

7.3 Directors' interests

Other than as set out below or elsewhere in this Prospectus, no Director nor any firm in which such a Director is a partner, has or had within 2 years before the lodgement of this Prospectus with the ASIC, any interest in:

- (a) the formation or promotion of the Company;
- (b) property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Offer pursuant to this Prospectus; or
- (c) the Offer pursuant to this Prospectus,

and no amounts have been paid or agreed to be paid (in cash or Shares or otherwise) to any Director or to any firm in which any such Director is a partner, either to induce him to become, or to qualify him as, a Director or otherwise for services rendered by him or by the firm in connection with the formation or promotion of the Company or Offer pursuant to this Prospectus.

Directors' interests in securities of the Company at the date of this Prospectus are:

Name	Shares	Options	Entitlement
Perryman J Leach ¹	16,007,501	Nil	4,001,876
Peter G Burns ²	1,335,395	Nil	333,848
Captain Suresh Abishegam ²	1,293,816	Nil	323,454
Peter P Bodycoat ²	1,720,000	Nil	430,000

Notes

1. Perryman J Leach has indicated that it is his present intention to subscribe for part of his Entitlement under the Offer equal to 375,000 Shares.

2. Peter G Burns, Captain Suresh Abishegam and Peter P Bodycoat each have indicated that it is their present intention to subscribe for their full Entitlement under the Offer.

The Constitution of the Company provides that the non-executive Directors may be paid for their services as Directors, a sum not exceeding such fixed sum per annum as may be determined by the Company in general meeting, to be divided among the Directors and in default of agreement then in equal shares. The Company paid to Directors a total of \$732,550 the year ended 30 June 2011 and \$304,584 for the year ended 30 June 2010. In addition to the above, the Directors have been paid or have accrued fees totalling \$239,678 from the end of the previous financial year until the date of this Prospectus. Directors, companies associated with the directors or their associates are also reimbursed for all reasonable expenses properly incurred in the course of conducting their duties which include, but are not in any way limited to, out of pocket expenses, travelling expenses, disbursements made on behalf of the Company and other miscellaneous expenses.

7.4 Interests and consents of experts and advisers

Other than as set out below or elsewhere in this Prospectus, no expert, underwriter, promoter or any other person named in this Prospectus as

performing a function in a professional advisory or other capacity in connection with the preparation or distribution of the Prospectus, nor any firm in which any of those persons is or was a partner, nor any company with which any of those persons is or was associated, has or had within 2 years before the lodgement of this Prospectus with the ASIC, any interest in:

- (a) the formation or promotion of the Company; or
- (b) property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Offer of securities pursuant to this Prospectus; or
- (c) the Offer of securities pursuant to this Prospectus,

and no amounts have been paid or agreed to be paid (in cash or Shares or otherwise) to any expert, underwriter, promoter or any other person named in this Prospectus as performing a function in a professional advisory or other capacity in connection with the preparation or distribution of this Prospectus, or to any firm in which any of those persons is or was a partner, or to any company with which any of those persons is or was associated, for services rendered by that person, or by the firm or the company, in connection with the formation or promotion of the Company or the Offer pursuant to this Prospectus.

Pursuant to Section 716 of the Corporations Act, John Oakley Clinton has given and has not withdrawn his consent to being named as underwriter to the Offer in the corporate directory of this Prospectus in the form and context in which he is named. John Oakley Clinton has not caused or authorised the issue of this Prospectus, does not make or purport to make any statement in this Prospectus and takes no responsibility for any part of this Prospectus.

John Oakley Clinton (including his related entities) is a Shareholder of the Company and currently has a relevant interest in 31,124,188 Shares. John Oakley Clinton has indicated that it is his current intention to only subscribe for the Shortfall Shares under the Underwriting Agreement and not for his Entitlement

Pursuant to Section 716 of the Corporations Act, Steinepreis Paganin has given, and has not withdrawn its consent to being named as Solicitors to the Company in the Corporate Directory of this Prospectus in the form and context in which it is named. Steinepreis Paganin has not caused or authorised the issue of this Prospectus, does not make or purport to make any statement in this Prospectus and takes no responsibility for any part of this Prospectus.

Steinepreis Paganin act as solicitors to the Company. Steinepreis Paganin will be paid approximately \$10,000 for services in relation to this Prospectus.

7.5 Legal proceedings

There is no litigation, arbitration or proceedings pending against or involving the Company as at the date of this Prospectus.

7.6 Estimated expenses of Offer

In the event that the Offer is fully subscribed, the estimated expenses of the Offer are as follows:

	\$
ASIC fees	2,137
ASX fees	7,229
Underwriting fees	40,000
Legal expenses	10,000
Printing and Distribution	4,634
Total	\$64,000

7.7 Market Price of Shares

The Company is a disclosing entity for the purposes of the Corporations Act and its Shares are enhanced disclosure securities quoted on ASX.

The highest and lowest market sale prices of the Company's Shares on ASX during the three months immediately preceding the date of lodgement of this Prospectus with the ASIC and the respective dates of those sales were:

Highest: \$0.088 on 27 October 2011

Lowest: \$0.046 on 28, 29, 30 September and 3, 4, 5 October 2011.

The latest available closing sale price of the Company's Shares on ASX prior to the lodgement of this Prospectus with the ASIC was \$0.07 on 22 November 2011.

7.8 Electronic Prospectus

Pursuant to Class Order 00/044, the ASIC has exempted compliance with certain provisions of the Corporations Act to allow distribution of an electronic prospectus and electronic application form on the basis of a paper prospectus lodged with the ASIC, and the publication of notices referring to an electronic prospectus or electronic application form, subject to compliance with certain conditions.

If you have received this Prospectus as an electronic Prospectus, please ensure that you have received the entire Prospectus accompanied by the application form. If you have not, please phone the Company and the Company will send you, for free, either a hard copy or a further electronic copy of the Prospectus, or both.

The Company reserves the right not to accept an application form from a person if it has reason to believe that when that person was given access to the electronic application form, it was not provided together with the electronic Prospectus and any relevant supplementary or replacement prospectus or any of those documents were incomplete or altered.

8. DIRECTORS' CONSENT

Each of the Directors of Cell Aquaculture Ltd has consented to the lodgement of this Prospectus with the ASIC in accordance with Section 720 of the Corporations Act

Dated 23 November 2011



Peter Burns
Signed for and on behalf of
Cell Aquaculture Ltd
Director

9. DEFINITIONS

Applicant means a Shareholder or other party who applies for Securities pursuant to the Offer or Shortfall Offer, as the circumstances require.

ASIC means the Australian Securities and Investments Commission.

ASTC Settlement Rules means the settlement rules of the securities clearing house which operates CHESS.

ASX means the ASX Limited (ACN 008 624 691).

Biller Code means the number set out in the Entitlement and Acceptance Form.

Board means the board of Directors unless the context indicates otherwise.

Business Day means a day on which trading takes place on the stock market of ASX.

CHESS has the meaning given to that term in Section 3.10 of this Prospectus.

Closing Date means the closing date of the Offer, being 5:00pm (WST) on 19 December 2011 (unless extended).

Company means Cell Aquaculture Ltd (ACN 091 687 740).

Constitution means the Company's Constitution as at the date of this Prospectus.

Corporations Act means the *Corporations Act 2001* (Cth).

Customer Reference Number means the unique number set out on the Entitlement and Acceptance Form.

Directors means the directors of the Company at the date of this Prospectus.

Dollar or "\$" means Australian dollars.

Entitlement means the entitlement of a Shareholder who is eligible to participate in the Offer.

Entitlement and Acceptance Form means the entitlement and acceptance form either attached to or accompanying this Prospectus.

Expiry Date has the meaning given to that term in Section 1.2 of the Prospectus.

Issue or Entitlement Issue means the issue of Shares offered by this Prospectus.

La Jolla means La Jolla Cove Investors, Inc.

Listing Rules or **ASX Listing Rules** means the Listing Rules of the ASX.

New Shares means Shares issued pursuant to this Prospectus.

Offer means the offer pursuant to this Prospectus of one (1) new Share for every four (4) Shares held by a Shareholder on the Record Date to raise approximately \$2,111,542.

Official List means the official list of ASX.

Option means an option to acquire a Share.

Prospectus means this prospectus.

Quotation and **Official Quotation** means official quotation on ASX.

Record Date means 5:00pm (WST) on 2 December 2011.

Related Corporation has the meaning given to that term in the Corporations Act.

Securities means Shares.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a shareholder of the Company.

Shortfall or **Shortfall Shares** means those Shares under the Offer not applied for by Shareholders under their Entitlement.

Shortfall Application Form means the shortfall application form attached to or accompanying this Prospectus.

WST means Western Standard Time as observed in Perth, Western Australia.