



16<sup>th</sup> August 2012

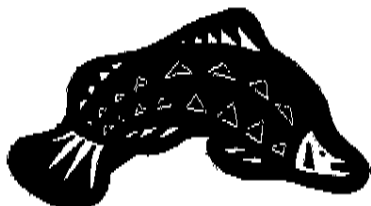
Mr Mauro Piccini  
Adviser, Listings (Perth)  
ASX Compliance Pty Ltd  
2 The Esplanade  
PERTH WA 6000

Dear Mauro,

**Re: Response to ASX Query – Appendix 4C**

I refer to your letter of 10<sup>th</sup> August 2012 and respond to your numbered questions as follows:

1. The Board of Cell Aquaculture Limited ("Company") is of the opinion that it has sufficient cashflows to fund its activities for the immediate future. This conclusion is arrived at after taking into account the following factors:
  - a) Cell Aquaculture Malaysia Sdn Bhd (a 90% owned subsidiary of Cell Aquaculture Ltd) is expecting a further progress payment of approximately \$330,000 due under its contract with The Fisheries Development Authority of Malaysia "LKIM". Details of the LKIM contract were announced on 19<sup>th</sup> June 2012. This contract is expected to deliver positive cashflows over the 6 month contract period,
  - b) The Company has significantly reduced its overheads and operating expenses.
  - c) The Company is currently in discussions with key stakeholders on a regular basis to identify any short term capital requirements, and the Company is confident capital could be raised if required at short notice.
  - d) Cell Aqua Foods Pty Ltd (a 100% owned subsidiary of Cell Aquaculture Ltd) is showing positive growth which will assist cashflow.
2. For the reasons discussed at point 1 above, the Company's negative cashflows will be reducing. The Directors are confident this shortfall will be funded as discussed at 1 (c) above.
3. Revenues and expenses are within the Company's expectations.
4. N/A.
5. Please refer to the matters discussed at point 1 above.
6. The Company confirms it is in compliance with the listing rules, and in particular Listing Rule 3.1.
7. The Company believes it is in compliance with listing rule 12.2.



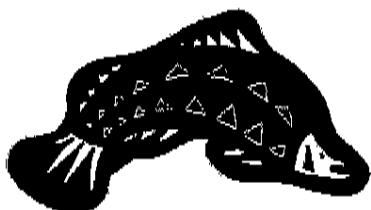
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Yours sincerely,

A handwritten signature in black ink, appearing to read "Perry Leach".

Perry Leach  
Executive Chairman



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10 August 2012

Mr. Ian Gregory  
Company Secretary  
Cell Aquaculture Ltd  
Suite 53, 15 Labouchere Road  
SOUTH PERTH WA 6151

Email: [iangregory@westnet.com.au](mailto:iangregory@westnet.com.au)

Dear Ian,

**CELL AQUACULTURE LIMITED (the "Company")**

I refer to the Company's Quarterly Report in the form of Appendix 4C for the period ended 30 June 2012, released to ASX Limited ("ASX") on 31 July 2012 (the "Appendix 4C").

ASX notes that the Company has reported the following.

1. Receipts from customers of \$100,000.
2. Net negative operating cash flows for the quarter of \$504,000.
3. Cash at end of quarter of \$24,000

In light of the information contained in the Appendix 4C, please respond to each of the following questions.

1. It is possible to conclude on the basis of the information provided that if the Company were to continue to expend cash at the rate for the quarter indicated by the Appendix 4C, the Company may not have sufficient cash to fund its activities for the next quarter. Is this the case, or are there other factors that should be taken into account in assessing the Company's position?
2. Does the Company expect that in the future it will have negative operating cash flows similar to that reported in the Appendix 4C for the quarter and, if so, what steps has it taken to ensure that it has sufficient funds in order to continue its operations at that rate?
3. To what extent have the Company's actual revenues and expenses in the quarter, as reported in the Appendix 4C, matched the Company's anticipated revenues and expenses for that reporting period?
4. If the Company's actual revenues and expenses are not substantially in accordance with the Company's anticipated revenues and expenses, when did the Company become aware that its revenues and expenses

would not substantially match the anticipated revenues and expenses? You may wish to outline any circumstances that may have had an effect on the Company's revenues and expenses.

5. What steps has the Company taken, or what steps does it propose to take, to enable it to continue to meet its business objectives?
6. Can the Company confirm that it is in compliance with the listing rules, and in particular, listing rule 3.1?
7. Please comment on the Company's compliance with listing rule 12.2, with reference to the matters discussed in the note to the rule.

#### **Listing rule 3.1**

Listing rule 3.1 requires an entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities. The exceptions to this requirement are set out in the rule.

In responding to this letter you should consult listing rule 3.1 and the guidance note titled "Continuous disclosure: listing rule 3.1".

If the information requested by this letter is information required to be given to ASX under listing rule 3.1 your obligation is to disclose the information immediately.

Your responsibility under listing rule 3.1 is not confined to, or necessarily satisfied by, answering the questions set out in this letter.

This letter and your response will be released to the market. If you have any concerns about your response being released, please contact me immediately. Your response should be sent to me on facsimile number 9221 2020. It should not be sent to the Company Announcements Office.

Unless the information is required immediately under listing rule 3.1, a response is requested as soon as possible and, in any event, **not later than half an hour before the commencement of trading (6:30 am WST) on Friday, 17 August 2012.**

If you are unable to respond by the time requested you should consider a request for a trading halt in the Company's securities.

If you have any queries regarding any of the above, please contact me on 9224 0000.

Yours sincerely,

*[sent electronically without signature]*

Mauro Piccini  
**Adviser, Listings (Perth)**