



ASX Release - CAQ

Establishment of Food Processing & Marketing Division and General Company Update

22 June 2010: In line with the Company's Growth Strategy, Cell Aquaculture Limited (ASX:CAQ) is pleased to advise that the Company has now established a wholly owned subsidiary 'Cell Aqua Foods Pty Ltd' - a fully operational, food processing, value-adding, packaging and marketing division.

Cell Aquaculture has acquired the assets, customer base and product range from an existing food processing business and established a new facility located in Osborne Park, Western Australia. The acquisition of an existing business and distribution network, including numerous supermarkets, restaurants and catering customers, offers Cell Aquaculture instant cash flow from the operations, whilst providing a solid platform for the company to further develop its product range and distribution network.

Cell Aquaculture has also secured the services of a local award winning chef with over 15 years experience in food processing and new product development. The Company has now developed a range of unique smoked and value-added Australian Barramundi products, which have been successfully test-marketed throughout local supermarkets under Cell Aquaculture's 'Eco-Star' brand. The Company now plans to commence commercial scale production of these products and further develop its product range and distribution network.

Commenting on the establishment of Cell Aqua Foods Pty Ltd, Cell Aquaculture Chairman, Perry Leach, with over 30 years experience in the food processing industry stated, "this is a major step forward for Cell Aquaculture and represents the establishment of the final part of our vertically integrated 'Hatch to Dispatch' business model. Having now successfully proven the hatchery, fabrication and grow-out parts of our business model, the areas of processing, branding and distribution of produce is a lucrative segment that we have spent many years researching."

Mr Leach added, "we have established our facility to a very high specification, ultimately targeting international export of produce, however our initial focus will be on further developing our local and national markets for a range of fresh and value-added products. The export potential of our facility will allow us to develop various international markets for our produce in advance of us establishing actual farming and processing operations in those regions – offering a low risk future growth strategy."

The West Australian based processing facility will be used as the development centre for new products. All recipes, processes and procedures will be documented and developed as a transposable business model, allowing the facility to be easily replicated in other international regions as production volumes permit.

In addition to the establishment of Cell Aqua Foods Pty Ltd, the Company wishes to provide a general update on the following areas:

Singapore

As previously announced, Cell Aquaculture and its Singapore partners have been actively working with the Singapore Economic Development Board (SEDB) to source a suitable site to develop a large scale 'high value' premium species production facility located within Singapore to target the lucrative local 'live' seafood market.

A potential site has now been sourced and Cell Aquaculture is in the process of assessing its suitability and working through the approvals process with the relevant authorities.

Cell Aquaculture and its Singaporean based partners have now established a joint venture company – 'CellMore (S) Pte Ltd'. The joint venture company has been formed with a 50:50 equity split and a firm funding commitment of S\$5 million (approx A\$4.15 million) has now been formalised between the partners, to establish the first stage of the production farm and to assess further food processing opportunities.

South Africa

The Company is still actively pursuing the opportunity to establish an initial 2,000 tonne per annum facility with its South African partners.

The process of obtaining relevant approvals for this venture has been slow, however significant progress has recently been made with a new Industrial Economic Development Zone, expressing favourable indications towards granting of relevant approvals for the project to commence and has now offered a number of potential sites for the project.

Cell Aquaculture's Finance Director is currently in South Africa viewing potential sites and advancing financing discussions with the South African partners.

Malaysia

Further to the signing of a Memorandum of Understanding and subsequent submission of a detailed feasibility study and business plan with a major Malaysian based global multi-national organisation, Cell Aquaculture advises that discussions are still progressing regarding this project and the Company will make further announcements in relation to this matter as appropriate.

European Opportunity

Cell Aquaculture has completed initial due diligence on a potentially lucrative production opportunity in Europe.

A Cell Aquaculture representative is currently in Europe advancing this opportunity and further announcements will be made in relation to this matter as appropriate.

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Cell Aquaculture Ltd (Australia) – www.cellaqua.com

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 plans to construct a world class multi-species hatchery in Malaysia. The Company has also commenced production trials on a range of further ‘high value’ premium species for commercial production.

Cell Aquaculture has developed large scale land-based recirculating seafood production facilities in Terengganu, Malaysia and is now also progressing an opportunity to develop large scale production in South Africa, as well as a ‘high value’ species facility in Singapore.

Cell Aquaculture has recently signed a Memorandum of Understanding with a Malaysian based global multinational organisation, with turnover in excess of AU\$5 billion per annum, to commence detailed feasibility, with a view to establishing large scale land based aquaculture production, utilising the Company’s unique Cell™ production technologies and vertically integrated ‘Hatch to Dispatch’ business model.

Cell Aquaculture supplies and installs growing systems, manages the operations, as well as sales and marketing of finished product.