



ASX RELEASE

(ASX Code: CAQ)

5 October 2007

Correction to Notice of General Meeting

Cell Aquaculture Limited ("Company") has recently mailed a Notice of General Meeting ("Notice") to its shareholders.

It has come to our attention that in Schedule 1 – Terms and Conditions of Options on page 14 of the Notice, the expiry date and exercise price of the options are incorrect.

- The Expiry Date should be 29 December 2008, NOT 29 October 2010.
- The Exercise Price should be \$0.25 per option, NOT \$0.20 per option.

The correct expiry date and exercise price were included in the ASX Appendix 3B – New Issue Announcement, which was released to ASX on 22 January 2007.

A corrected Notice is attached to this release.

We apologise for any inconvenience caused.

Ian Gregory
Company Secretary



CELL AQUACULTURE LTD. ABN 86 091 687 740

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CELL AQUACULTURE LTD

ACN 091 687 740

NOTICE OF GENERAL MEETING

TIME: 11.00 am (WST)

DATE: 31 October 2007

PLACE: Technology Park Function Centre
The Board Room
2 Brodie Hall Drive
Bentley, Western Australia, 6102

This Notice of Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisers prior to voting.

Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary, Mr Ian Gregory, on (+61 8) 9336 7122.

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TIME AND PLACE OF MEETING AND HOW TO VOTE

VENUE

The General Meeting of the Shareholders to which this Notice of Meeting relates will be held at 11.00 am (WST) on 31 October 2007 at:

Technology Park Function Centre
2 Brodie Hall Drive
Bentley, Western Australia, 6102

YOUR VOTE IS IMPORTANT

The business of the General Meeting affects your shareholding and your vote is important.

VOTING IN PERSON

To vote in person, attend the General Meeting on the date and at the place set out above.

VOTING BY PROXY

To vote by proxy, please complete and sign the enclosed Proxy Form and return by:

- (a) post to Cell Aquaculture Ltd, 66 Bennett Avenue, Hamilton Hill, WA, 6163; or
- (b) facsimile to the Company on facsimile number (+61 8) 9336 7111,

so that it is received not later than 11.00 am (WST) on 29 October 2007.

Proxy Forms received later than this time will be invalid.

NOTICE OF GENERAL MEETING

Notice is given that the General Meeting of Shareholders will be held at 11.00 am (WST) on 31 October 2007 at Technology Park Function Centre, 2 Brodie Hall Drive, Bentley, Western Australia, 6102.

The Explanatory Statement to this Notice of Meeting provides additional information on matters to be considered at the General Meeting. The Explanatory Statement and the Proxy Form are part of this Notice of Meeting. The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the General Meeting are those who are registered Shareholders of the Company at 5.00 pm (WST) on 29 October 2007.

Terms and abbreviations used in this Notice of Meeting and Explanatory Statement are defined in the Glossary.

AGENDA

1. RESOLUTION 1 – RATIFICATION OF PRIOR ISSUES OF SECURITIES

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That, for the purpose of ASX Listing Rule 7.4 and for all other purposes, Shareholders ratify the allotment and issue of 3,282,500 Shares and 916,250 Options on the terms and conditions set out in the Explanatory Statement."

Voting Exclusion: The Company will disregard any votes cast on this Resolution by a person who participated in the issues and any of their associates.

2. RESOLUTION 2 – ISSUES OF OPTIONS UNDER EMPLOYEE OPTION PLAN

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*"That, for the purposes of ASX Listing Rule 7.2 (Exception 9) and for all other purposes, approval is given for the Directors to issue Plan Options pursuant to the "Cell Aquaculture Ltd Employee Option Plan" (**Option Plan**) in accordance with the terms and conditions of the Option Plan, a summary of which is set out in the Explanatory Statement accompanying this Notice of Meeting."*

Voting Exclusion: The Company will disregard any votes cast on this resolution by a Director of the Company (except one who is ineligible to participate in the employee option plan in relation to the Company) and any associates of those persons.

3. RESOLUTION 3 – ISSUE OF OPTIONS TO MR PAUL HOPPER

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

"That, for the purposes of Section 208 of the Corporations Act, ASX Listing Rule 10.11 and for all other purposes, approval is given for the Directors to allot and issue 5,000,000 Director Options to Mr Paul Hopper (or his nominee) on the terms and conditions set out in the Explanatory Statement."

Voting Exclusion: The Company will disregard any votes cast on this Resolution by Mr Paul Hopper (or his nominee) and any of his associates.

4. RESOLUTION 4 – ISSUE OF OPTIONS TO PROF GLYN TONGE

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

"That, for the purposes of Section 208 of the Corporations Act, ASX Listing Rule 10.11 and for all other purposes, approval is given for the Directors to allot and issue 2,500,000 Director Options to Prof Glyn Tonge (or his nominee) on the terms and conditions set out in the Explanatory Statement."

Voting Exclusion: The Company will disregard any votes cast on this Resolution by Prof Glyn Tonge (or his nominee) and any of his associates.

5. RESOLUTION 5 – ISSUE OF OPTIONS TO CAPTAIN SURESH ABISHEGAM

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

"That, for the purposes of Section 208 of the Corporations Act, ASX Listing Rule 10.11 and for all other purposes, approval is given for the Directors to allot and issue 2,500,000 Director Options to Captain Suresh Abishegam (or his nominee) on the terms and conditions set out in the Explanatory Statement."

Voting Exclusion: The Company will disregard any votes cast on this Resolution by Captain Suresh Abishegam (or his nominee) and any of his associates.

6. RESOLUTION 6 – ISSUE OF SHARES TO MR PETER BURNS

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That, for the purposes of Section 208 of the Corporations Act, ASX Listing Rule 10.11 and for all other purposes, approval is given for the Directors to allot and issue 666,667 Shares to Mr Peter Burns (or his nominee) on the terms and conditions set out in the Explanatory Statement."

Voting Exclusion: The Company will disregard any votes cast on this Resolution by My Peter Burns (or his nominee) and any of his associates.

DATED: 27 SEPTEMBER 2007

BY ORDER OF THE BOARD



Mr Ian Gregory
Company Secretary
Cell Aquaculture Ltd

Voting Exclusion Note: Where a voting exclusion applies, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote in accordance with the directions on the Proxy Form or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

EXPLANATORY STATEMENT

This Explanatory Statement has been prepared for the information of the Shareholders in connection with the business to be conducted at the General Meeting to be held at 11.00 am (WST) on 31 October 2007 at Technology Park Function Centre, 2 Brodie Hall Drive, Bentley, Western Australia, 6102.

This purpose of this Explanatory Statement is to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions in the Notice of Meeting.

1. RESOLUTION 1 – RATIFICATION OF PRIOR ISSUE OF SECURITIES

1.1 Background

On 19 January 2007, the Company completed a placement of 3,282,500 Shares and 916,250 Options.

1.2 General

Resolution 1 seeks Shareholder ratification pursuant to ASX Listing Rule 7.4 for the issue of those Shares and Options (**Ratification**).

ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue during any 12 month period any equity securities, or other securities with rights of conversion to equity (including an option), if the number of those securities exceeds 15% of the number of securities in the same class on issue at the commencement of that 12 month period.

ASX Listing Rule 7.4 sets out an exception to ASX Listing Rule 7.1. It provides that where a company in general meeting ratifies a previous issue of securities made pursuant to ASX Listing Rule 7.1 (and provided that the previous issue did not breach ASX Listing Rule 7.1) those securities will be deemed to have been issued with shareholder approval for the purpose of ASX Listing Rule 7.1.

By ratifying the issue, the Company will retain the flexibility to issue securities in the future up to the 15% annual placement capacity set out in ASX Listing Rule 7.1 without the requirement to obtain prior Shareholder approval.

1.3 Technical information required by the ASX Listing Rules

Pursuant to and in accordance with ASX Listing Rule 7.5, the following information is provided in relation to the Ratification:

- (a) the Company allotted 3,282,500 Shares and 916,250 Options on 19 January 2007;
- (b) the Shares were issued at a price of \$0.20 each;
- (c) the Options were issued for nil cash consideration to the recipients of the Shares;
- (d) the Shares issued were all fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (e) the Options were issued on the terms set out in Schedule 1;

- (f) the Shares and Options were allotted and issued to the following parties:

Recipient	Number of Shares	Number of Options
Wildcross Nominees Pty Ltd ATF Clinton Equity Trust	2,282,500	716,250
Kailis Consolidated Pty Ltd	500,000	100,000
Kailis Consolidated Pty Ltd & Kondic Nominees Pty Ltd	500,000	100,000

- (g) none of the subscribers pursuant to this issue were related parties of the Company; and
- (h) the funds raised from this issue were applied to the expansion of the Company's activities in the US and Europe and for working capital purposes.

2. RESOLUTION 2 – ISSUES OF OPTIONS UNDER EMPLOYEE OPTION PLAN

2.1 General

On 17 September 2007, the Board resolved to adopt the "Cell Aquaculture Ltd Employee Option Plan" (**Option Plan**).

Resolution 2 seeks Shareholder approval for the Company to issue Plan Options under the Option Plan as an exception to ASX Listing Rule 7.1 in accordance with ASX Listing Rule 7.2 (Exception 9). Exception 9 to ASX Listing Rule 7.2 provides that issues under an employee incentive plan are exempt for a period of 3 years from the date on which shareholders approve the issue of securities under the plan as an exception to ASX Listing Rule 7.1.

The Option Plan is designed to incentivise management and staff of the Company, align employees' interests with Shareholders', provide continuity of service to the Company and increase profitability and returns to Shareholders.

As at the date of this Notice, no Plan Options have been issued under the Option Plan.

The full terms and conditions of the Option Plan may be obtained free of charge by contacting the Company. A summary of the terms and conditions of the Option Plan is set out below.

2.2 Terms of Option Plan

(a) Grant of Options

The directors may, in their absolute discretion and subject to any terms and conditions that they may determine, grant Options to subscribe for Shares to an eligible employee (**Plan Options**).

Plan Options may not be assigned by the holder to any other person.

(b) **Eligible Employees**

Plan Options may be granted to employees or directors of the Company or any other person determined by the board of directors to be eligible to participate in the Option Plan (**Eligible Employees**).

(c) **Maximum number of Plan Options**

A Plan Option may not be issued if, immediately following its issue, the Shares to be granted on exercise of the Option when aggregated with the number of Shares which would be issued were each outstanding offer with respect to Options to acquire unissued Shares under this or any other employee share scheme to be accepted or exercised exceeds 5% of the total number of issued Shares at the time the Plan Option is offered.

(d) **Exercise price**

The exercise price of each Plan Option shall be determined by the directors.

(e) **Expiry date**

Plan Options shall expire at the earlier of:

- (i) five years from the date of grant of the Options; or
- (ii) such other date as the directors may determine (**Expiry Date**).

(f) **Entitlement**

Each Plan Option entitles the holder to subscribe for the number of Shares specified in the Plan Option. The Shares issued upon the exercise of a Plan Option will rank equally with the Company's then issued Shares.

(g) **Exercise of Options**

A holder of Plan Options may exercise his or her Options at any time prior to expiry of the Options by lodging with the Company a duly completed exercise notice and the amount equal to the exercise price multiplied by the number of Options to be exercised.

(h) **Lapse of Options**

Plan Options not exercised will lapse on the first to occur of:

- (i) the Expiry Date;
- (ii) the expiry of 90 days after the resignation, redundancy, retirement or termination of employment of the holder of the Plan Options; and
- (iii) the expiry of 12 months after the death of the holder of the Plan Options.

(i) **Powers of the board of directors**

The Option Plan is administered by the directors of the Company, who have the power to:

- (i) determine procedures for the administration of the Option Plan;
- (ii) terminate or suspend the operation of the Option Plan at any time provided such termination or suspension does not adversely affect the rights of holders of Plan Options;
- (iii) exercise all powers vested in them under the Option Plan;
- (iv) administer the Option Plan in accordance with its rules; and
- (v) amend the terms of the Option Plan or waive or modify the application of any of the rules of the Option Plan in relation to any holder of Plan Options provided that such amendment does not adversely affect the rights of any Plan Options previously granted.

(j) **Quotation of Plan Options and Shares**

Plan Options issued under the Option Plan will not be quoted on ASX, however, the Company will make application for official quotation of all Shares issued upon the exercise of the Plan Options.

(k) **Bonus issue**

In the event that there is a pro rata issue of Shares to Shareholders for which no consideration is payable (**Bonus Issue**), the number of Shares over which an Option is exercisable will be increased by the number of Shares which a holder of Plan Options would have received if the Option had been exercised prior to the record date for determining entitlements for the Bonus Issue.

(l) **Reconstruction**

In the event that there is a reconstruction (including a consolidation, subdivision, reduction or return) of the issued capital of the Company, then the number of Options and Shares to which a holder of Plan Options is entitled will be reconstructed in the manner permitted by the ASX Listing Rules.

3. **RESOLUTIONS 3-5 – ISSUE OF DIRECTOR OPTIONS**

3.1 **General**

The Company has agreed, subject to obtaining Shareholder approval, to allot and issue a total of 10,000,000 Options (**Director Options**) to Messrs Paul Hopper, Glyn Tonge and Suresh Abishegam (or their respective nominees) (**Related Parties**) on the terms and conditions set out below.

For a public company, or an entity that the public company controls, to give a financial benefit to a related party of the public company, the public company or entity must:

- (a) obtain the approval of the public company's members in the manner set out in Sections 217 to 227 of the Corporations Act; and
- (b) give the benefit within 15 months following such approval,

unless the giving of the financial benefit falls within an exception set out in Sections 210 to 216 of the Corporations Act.

In addition, ASX Listing Rule 10.11 also requires shareholder approval to be obtained where an entity issues, or agrees to issue, securities to a related party, or a person whose relationship with the entity or a related party is, in ASX's opinion, such that approval should be obtained unless an exception in ASX Listing Rule 10.12 applies.

The proposed grant of the Director Options to the Related Parties requires the Company to obtain Shareholder approval because the grant of Director Options constitutes giving a financial benefit and, as Directors, Messrs Paul Hopper, Glyn Tonge and Suresh Abishegam are considered related parties of the Company.

It is the view of the Directors that the exceptions set out in Sections 210 to 216 of the Corporations Act and ASX Listing Rule 10.12 do not apply in the current circumstances. Accordingly, Shareholder approval is sought for the grant of Director Options to the Related Parties.

3.2 Shareholder Approval (Chapter 2E of the Corporations Act and Listing Rule 10.11)

Pursuant to and in accordance with the requirements of Sections 217 to 227 of the Corporations Act and ASX Listing Rule 10.13, the following information is provided in relation to the proposed grant of Director Options:

- (a) the related parties are Messrs Paul Hopper, Glyn Tonge and Suresh Abishegam and they are related parties by virtue of being Directors;
- (b) the maximum number of Director Options (being the nature of the financial benefit being provided) to be granted to the Related Parties is:
 - (i) 5,000,000 Director Options to Mr Paul Hopper or his nominee/s;
 - (ii) 2,500,000 Director Options to Prof Glyn Tonge or his nominee/s; and
 - (iii) 2,500,000 Director Options to Captain Suresh Abishegam or his nominee/s;
- (c) the Director Options will be granted to the Related Parties no later than 1 month after the date of the General Meeting (or such later date as permitted by any ASX waiver or modification of the ASX Listing Rules) and it is anticipated the Director Options will be issued on one date;
- (d) the Director Options will be granted for nil cash consideration, accordingly no funds will be raised;
- (e) other terms and conditions of the Director Options are set out in Schedule 2;
- (f) the value of the Director Options and the pricing methodology is set out in Schedule 3;
- (g) none of the Related Parties hold a relevant interest in securities in the Company;

- (h) the remuneration and emoluments from the Company to the Related Parties for both the year to date and previous financial year are set out below:

Related Party	Year to Date	Previous Financial Year
Mr Paul Hopper	\$21,056	\$3,300
Prof Glyn Tonge	\$9,900	\$3,300
Captain Suresh Abishegam	\$9,900	\$3,300

- (i) if the Director Options to be granted to the Related Parties were exercised, a total of 10,000,000 Shares would be allotted and issued. This would increase the number of Shares on issue from 121,999,106 to 131,999,106 (assuming that no other Options are exercised and no other Shares issued) with the effect that the shareholding of existing Shareholders would be diluted by 8.2%;
- (j) the market price for Shares during the term of the Director Options would normally determine whether or not the Director Options are exercised. If, at any time any of the Director Options are exercised and the Shares are trading on ASX at a price that is higher than the exercise price of the Director Options, there may be a perceived cost to the Company;
- (k) the trading history of the Shares on ASX in the 12 months before the date of this Notice of General Meeting is set out below:

	Price	Date
Highest	26.5 cents	15 February 2007
Lowest	15.0 cents	25 September 2006
Last	16.5 cents	25 September 2007

- (l) the primary purpose of the grant of Director Options to the Related Parties is to provide cost effective consideration to the Related Parties for their ongoing commitment and contribution to the Company in their respective roles as Directors. The Board does not consider that there are any significant opportunity costs to the Company or benefits foregone by the Company in issuing the Director Options upon the terms proposed;
- (m) the Board acknowledges the grant of Director Options to Prof Glyn Tonge and Captain Suresh Abishegam (non-executive directors) is contrary to Recommendation 9.3 of the ASX Good Corporate Governance and Best Practice Recommendations. However, the Board considers the grant of Director Options to Prof Glyn Tonge and Captain Suresh Abishegam reasonable in the circumstances, given the necessity to attract the highest calibre of professionals to the Company, whilst maintaining the Company's cash reserves;
- (n) Mr Paul Hopper declines to make a recommendation to Shareholders in relation to Resolution 3 due to his material personal interest in the outcome of the Resolution. The other Directors, who do not have a material interest

in the outcome of Resolution 3, recommend that Shareholders vote in favour of Resolution 3. The Board (other than Mr Paul Hopper) is not aware of any other information that would be reasonably required by Shareholders to allow them to make a decision whether it is in the best interests of the Company to pass the Resolution;

- (o) Prof Glyn Tonge declines to make a recommendation to Shareholders in relation to Resolution 4 due to his material personal interest in the outcome of the Resolution. The other Directors, who do not have a material interest in the outcome of Resolution 4, recommend that Shareholders vote in favour of Resolution 4. The Board (other than Prof Glyn Tonge) is not aware of any other information that would be reasonably required by Shareholders to allow them to make a decision whether it is in the best interests of the Company to pass the Resolution; and
- (p) Captain Suresh Abishegam declines to make a recommendation to Shareholders in relation to Resolution 5 due to his material personal interest in the outcome of the Resolution. The other Directors, who do not have a material interest in the outcome of Resolution 5 recommend that Shareholders vote in favour of Resolution 5. The Board (other than Captain Suresh Abishegam) is not aware of any other information that would be reasonably required by Shareholders to allow them to make a decision whether it is in the best interests of the Company to pass the Resolution.

Approval pursuant to ASX Listing Rule 7.1 is not required in order to issue the Director Options to the Related Parties as approval is being obtained under ASX Listing Rule 10.11. Accordingly, the issue of Director Options to the Related Parties will not be included in the 15% calculation of the Company's annual placement capacity pursuant to ASX Listing Rule 7.1.

4. RESOLUTION 6 – ISSUE SHARES TO PETER BURNS

4.1 General

The Company has agreed, subject to obtaining Shareholder approval, to allot and issue 666,667 Shares (**Director Shares**) to Mr Peter Burns to convert an outstanding loan of \$100,000 to equity on the terms and conditions set out below.

An overview of the regulatory issues associated with issuing securities to related parties of an entity is set out in section 3.1 of this Explanatory Statement.

Shareholder approval under Resolution 6 is sought pursuant to Chapter 2E of the Corporations Act and ASX Listing Rule 10.11.

4.2 Shareholder Approval (Chapter 2E of the Corporations Act and Listing Rule 10.11)

Pursuant to and in accordance with the requirements of Sections 217 to 227 of the Corporations Act and ASX Listing Rule 10.13, the following information is provided in relation to the proposed grant of Director Shares:

- (a) the related party is Mr Peter Burns, who is considered to be a related party by virtue of being a Director;
- (b) the maximum number of Director Shares (being the nature of the financial benefit being provided) to be granted to Mr Peter Burns is 666,667;

- (c) the Director Shares will be granted no later than 1 month after the date of the General Meeting (or such later date as permitted by any ASX waiver or modification of the ASX Listing Rules);
- (d) the Director Shares will be granted in consideration for the conversion from debt to equity of an outstanding loan of \$100,000 at a deemed issue price of \$0.15 per share;
- (e) the Director Shares will rank equally with the Company's existing Shares on issue;
- (f) the Director Shares are valued at \$100,000, being the value of the loan converted to equity;
- (g) Mr Peter Burns holds a relevant interest in 9,176,668 Shares and 1,000,000 options to acquire Shares in the Company;
- (h) the remuneration and emoluments from the Company to Mr Peter Burns for the year to date was \$9,999 and the previous financial year was \$29,521;
- (i) if the Director Shares were granted to Mr Peter Burns, the number of Shares on issue would increase from 121,999,106 to 122,665,773 (assuming that no other Options are exercised and no other Shares issued) with the effect that the shareholding of existing Shareholders would be diluted by 0.5%;
- (j) the primary purpose of the grant of Director Shares to Mr Peter Burns is to convert the outstanding loan to equity rather than repaying the loan, to preserve the Company's cash reserves; and
- (k) Mr Peter Burns declines to make a recommendation to Shareholders in relation to Resolution 6 due to his material personal interest in the outcome of the Resolution. The other Directors, who do not have a material interest in the outcome of Resolution 6, recommend that Shareholders vote in favour of Resolution 6. The Board (other than Mr Peter Burns) is not aware of any other information that would be reasonably required by Shareholders to allow them to make a decision whether it is in the best interests of the Company to pass the Resolution.

Approval pursuant to ASX Listing Rule 7.1 is not required in order to issue the Director Shares as approval is being obtained under ASX Listing Rule 10.11. Accordingly, the issue of Director Shares will not be included in the 15% calculation of the Company's annual placement capacity pursuant to ASX Listing Rule 7.1.

5. ENQUIRIES

Shareholders are required to contact the Company Secretary, Mr Ian Gregory, on (+ 61 8) 9336 7122 if they have any queries in respect of the matters set out in these documents.

GLOSSARY

\$ means Australian dollars.

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited.

ASX Listing Rules means the Listing Rules of ASX.

Board means the current board of directors of the Company.

Business Day means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day, and any other day that ASX declares is not a business day.

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

Constitution means the Company's constitution.

Corporations Act means the Corporations Act 2001 (Cth).

Director Option means an Option granted pursuant to Resolutions 3-5 with the terms and conditions set out in Schedule 2.

Directors means the current directors of the Company.

Explanatory Statement means the explanatory statement accompanying the Notice of Meeting.

General Meeting means the meeting convened by the Notice of Meeting.

Notice of Meeting or **Notice of General Meeting** means this notice of general meeting including the Explanatory Statement.

Option means an option to acquire a Share on the terms and conditions set out in Schedule 1.

Optionholder means a holder of an Option or Director Option as the context requires.

Plan Option means an option to acquire a Share on the terms set out in Section 2 of the Explanatory Statement pursuant to the Option Plan.

Resolutions means the resolutions set out in the Notice of Meeting, or any one of them, as the context requires.

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

Shareholder means a holder of a Share.

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

SCHEDULE 1 – TERMS AND CONDITIONS OF OPTIONS

The Options entitle the holder to subscribe for Shares on the following terms and conditions:

- (a) Each Option gives the Optionholder the right to subscribe for one Share. To obtain the right given by each Option, the Optionholder must exercise the Options in accordance with the terms and conditions of the Options.
- (b) The Options will expire at 5:00 pm (WST) on 29 December 2008 (**Expiry Date**). Any Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.
- (c) The amount payable upon exercise of each Option will be \$0.25 (**Exercise Price**).
- (d) The Options held by each Optionholder may be exercised in whole or in part, and if exercised in part, multiples of 1,000 must be exercised on each occasion.
- (e) An Optionholder may exercise their Options by lodging with the Company, before the Expiry Date:
 - (i) a written notice of exercise of Options specifying the number of Options being exercised; and
 - (ii) a cheque or electronic funds transfer for the Exercise Price for the number of Options being exercised;

(Exercise Notice).

- (f) An Exercise Notice is only effective when the Company has received the full amount of the Exercise Price in cleared funds.
- (g) Within 10 Business Days of receipt of the Exercise Notice accompanied by the Exercise Price, the Company will allot the number of Shares required under these terms and conditions in respect of the number of Options specified in the Exercise Notice.
- (h) The Options are not transferable.
- (i) All Shares allotted upon the exercise of Options will upon allotment rank pari passu in all respects with other Shares.
- (j) The Company will not apply for quotation of the Options on ASX. However, The Company will apply for quotation of all Shares allotted pursuant to the exercise of Options on ASX within 10 Business Days after the date of allotment of those Shares.
- (k) If at any time the issued capital of the Company is reconstructed, all rights of an Optionholder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.
- (l) There are no participating rights or entitlements inherent in the Options and Optionholders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options. However, the Company will ensure that for the purposes of determining entitlements to any such issue, the record date will be at least 7 Business Days after the issue is announced. This will give Optionholders the opportunity to exercise their Options prior to the date for determining entitlements to participate in any such issue.

- (m) An Option does not confer the right to a change in exercise price or a change in the number of underlying securities over which the Option can be exercised.

SCHEDULE 2 – TERMS AND CONDITIONS OF DIRECTOR OPTIONS

The Director Options entitle the holder to subscribe for Shares on the following terms and conditions:

- (a) Each Director Option gives the Optionholder the right to subscribe for one Share. To obtain the right given by each Director Option, the Optionholder must exercise the Director Options in accordance with the terms and conditions of the Director Options.
- (b) The Director Options will expire at 5:00 pm (WST) on the date which is three years from the date of issue (**Expiry Date**). Any Director Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.
- (c) The amount payable upon exercise of each Director Option will be \$0.20 (**Exercise Price**).
- (d) The Director Options held by each Optionholder may be exercised in whole or in part, and if exercised in part, multiples of 1,000 must be exercised on each occasion.
- (e) The Director Options will be subject to vesting periods from the date of issue as follows:

Director Options Vested	Vesting Period
40%	No vesting period
20%	6 months from issue
20%	12 months from issue
20%	18 months from issue

- (f) An Optionholder may exercise their Director Options by lodging with the Company, before the Expiry Date:
- (i) a written notice of exercise of Director Options specifying the number of Director Options being exercised; and
- (ii) a cheque or electronic funds transfer for the Exercise Price for the number of Director Options being exercised,

(Exercise Notice).

- (g) An Exercise Notice is only effective when the Company has received the full amount of the Exercise Price in cleared funds.
- (h) Within 10 Business Days of receipt of the Exercise Notice accompanied by the Exercise Price, the Company will allot the number of Shares required under these terms and conditions in respect of the number of Director Options specified in the Exercise Notice.
- (i) The Director Options are not transferable.

- (j) All Shares allotted upon the exercise of Director Options will upon allotment rank pari passu in all respects with other Shares.
- (k) The Company will not apply for quotation of the Director Options on ASX. However, The Company will apply for quotation of all Shares allotted pursuant to the exercise of Director Options on ASX within 10 Business Days after the date of allotment of those Shares.
- (l) If at any time the issued capital of the Company is reconstructed, all rights of an Optionholder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.
- (m) There are no participating rights or entitlements inherent in the Director Options and Optionholders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Director Options. However, the Company will ensure that for the purposes of determining entitlements to any such issue, the record date will be at least 7 Business Days after the issue is announced. This will give Optionholders the opportunity to exercise their Director Options prior to the date for determining entitlements to participate in any such issue.

SCHEDULE 3 – VALUATION OF DIRECTOR OPTIONS

The Director Options to be issued to the Related Parties pursuant to Resolutions 3-5 have been independently valued by Stanton Partners Corporate Pty Ltd.

Using the theoretical Black & Scholes option model and based on the assumptions set out below, the Director Options were ascribed a value range, as follows:

Assumptions:			
Valuation date	11 September 2007		
Market price of Shares	18.5 cents		
Exercise price	20 cents		
Expiry date	3 years from the date of issue		
Risk free interest rate	6.15%		
Discount Factor	20%		
Volatility	50%	75%	100%
Indicative value per Director Option	5.49 cents	7.56 cents	9.38 cents
Total Value of Director Options			
- Mr Paul Hopper	\$274,500	\$378,000	\$469,000
- Prof Glyn Tonge	\$137,250	\$189,000	\$234,500
- Captain Suresh Abishegam	\$137,250	\$189,000	\$234,500

Note: The valuation ranges noted above are not necessarily the market prices that the Director Options could be traded at and they are not automatically the market prices for taxation purposes.

PROXY FORM

**APPOINTMENT OF PROXY
CELL AQUACULTURE LTD
ACN 091 687 740**

GENERAL MEETING

I/We

being a member of Cell Aquaculture Ltd entitled to attend and vote at the General Meeting, hereby

Appoint

Name of proxy

OR

☐

Mark this box if you wish to appoint the Chair of the General Meeting as your proxy

or failing the person so named or, if no person is named, the Chair of the General Meeting, or the Chair's nominee, to vote in accordance with the following directions, or, if no directions have been given, as the proxy sees fit, at the General Meeting to be held at 11.00 am (WST), on 31 October 2007 at Technology Park Function Centre, 2 Brodie Hall Drive, Bentley, Western Australia, 6102, and at any adjournment thereof.

If no directions are given, the Chair will vote in favour of all the Resolutions.

Voting on Business of the General Meeting

Resolution 1 – Ratification of prior issues of Securities
Resolution 2 – Issues of Options under Employee Option Plan
Resolution 3 – Issue of Options to Mr Paul Hopper
Resolution 4 – Issue of Options to Prof Glyn Tonge
Resolution 5 – Issue of Options to Captain Suresh Abishegam
Resolution 6 – Issue of Shares to Mr Peter Burns

FOR	AGAINST	ABSTAIN
☐	☐	☐
☐	☐	☐
☐	☐	☐
☐	☐	☐
☐	☐	☐
☐	☐	☐

OR

☐

If the Chair of the General Meeting is appointed as your proxy, or may be appointed by default, and you do **not** wish to direct your proxy how to vote as your proxy in respect of Resolutions 1 to 6 please place a mark in this box.

By marking this box, you acknowledge that the Chair of the General Meeting may exercise your proxy even if he has an interest in the outcome of Resolutions 1 to 6 and that votes cast by the Chair of the General Meeting for Resolutions 1 to 6 other than as proxy holder will be disregarded because of that interest. If you do not mark this box, and you have not directed your proxy how to vote, the Chair will not cast your votes on Resolutions 1 to 6 and your votes will not be counted in calculating the required majority if a poll is called on Resolutions 1 to 6.

If you mark the abstain box for a particular Resolution, you are directing your proxy not to vote on that Resolution on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

If two proxies are being appointed, the proportion of voting rights this proxy represents is

Signed this

day of

2007

_____ %

By:

Individuals and joint holders

Signature
Signature
Signature

Companies (affix common seal if appropriate)

Director
Director/Company Secretary
Sole Director and Sole Company Secretary

**CELL AQUACULTURE LTD
ACN 091 687 740**

Instructions for Completing 'Appointment of Proxy' Form

1. A member entitled to attend and vote at a General Meeting is entitled to appoint not more than two proxies to attend and vote on a poll on their behalf. The appointment of a second proxy must be done on a separate copy of the Proxy Form. Where more than one proxy is appointed, such proxy must be allocated a proportion of the member's voting rights. If a member appoints two proxies and the appointment does not specify this proportion, each proxy may exercise half the votes. A duly appointed proxy need not be a member of the Company.
2. Where a member's holding is in one name the holder must sign. Where the holding is in more than one name, all members should sign.
3. Where a Proxy Form or form of appointment of corporate representative is lodged and is executed under a power of attorney, the power of attorney must be lodged in like manner as this Proxy Form.
4. Corporate members should comply with the execution requirements set out on the Proxy Form or otherwise with the provisions of Section 127 of the Corporations Act. Section 127 of the Corporations Act provides that a company may execute a document without using its common seal if the document is signed by:
 - two directors of the company;
 - a director and a company secretary of the company; or
 - for a proprietary company that has a sole director who is also the sole company secretary – that director.

For the Company to rely on the assumptions set out in Section 129(5) and (6) of the Corporations Act, a document must appear to have been executed in accordance with Section 127(1) or (2). This effectively means that the status of the persons signing the document or witnessing the affixing of the seal must be set out and conform to the requirements of Section 127(1) or (2) as applicable. In particular, a person who witnesses the affixing of a common seal and who is the sole director and sole company secretary of the company must state that next to his or her signature.

5. Completion of a Proxy Form will not prevent individual members from attending the General Meeting in person if they wish. Where a member completes and lodges a valid Proxy Form and attends the General Meeting in person, then the proxy's authority to speak and vote for that member is suspended while the member is present at the General Meeting.
6. To vote by proxy, please complete and sign the enclosed Proxy Form and return by:
 - (a) post to Cell Aquaculture Ltd, 66 Bennett Avenue, Hamilton Hill, WA 6163; or
 - (b) facsimile to the Company on facsimile number (+61 8) 9336 7111,

so that it is received not later than 11.00 am (WST) on 29 October 2007.

Proxy forms received later than this time will be invalid.