



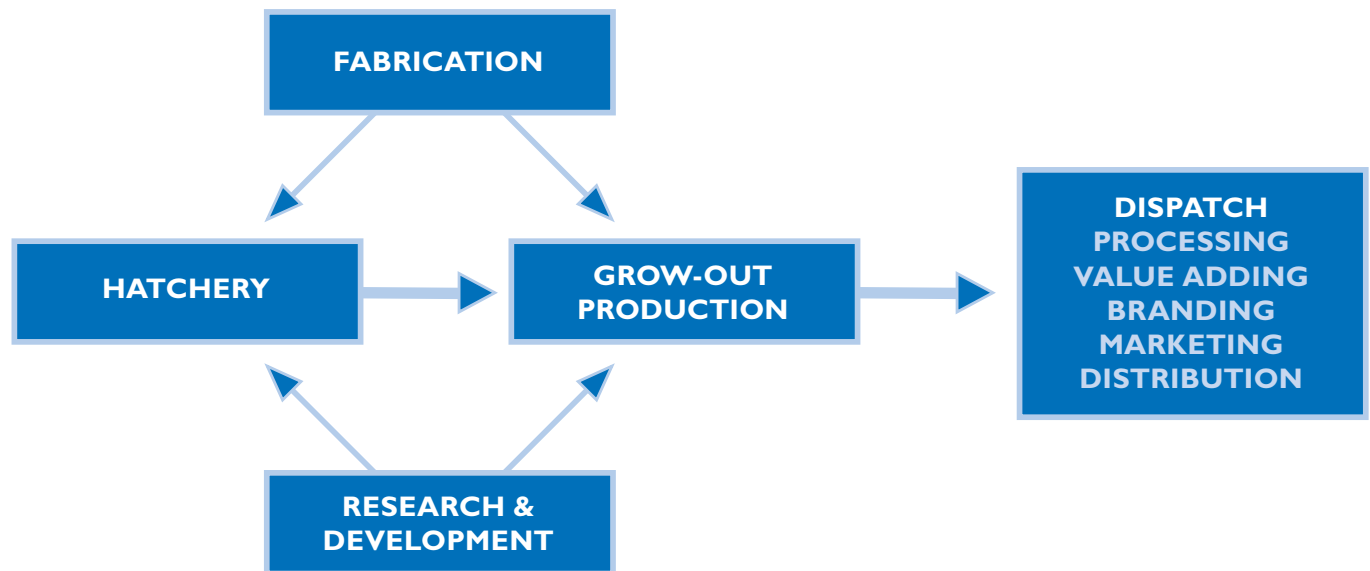
INSIDE CELL

COMPANY NEWSLETTER NOVEMBER 2010
www.cellaqua.com (ASX Code: CAQ)

Welcome to this edition of *Inside Cell*.

It has been a busy time recently for Cell Aquaculture Limited (CAQ) as we continue to actively progress the development of our unique vertically integrated 'Hatch to Dispatch' business model. We have made significant progress recently in developing, owning and controlling all key steps of the business model and value chain, as well as progressing a number of potentially large scale production joint ventures.

Our vertically integrated 'Hatch to Dispatch' business model is detailed below:



Please find to follow a brief update on CAQ's recent developments:

HATCHERY AND R & D

Hatchery progress throughout the year has been outstanding from the commercial/research and development operations, located at James Cook University, Townsville, Queensland.

The James Cook University based operations continue to achieve a consistent reliable supply of high quality juvenile fish, whilst continuing an advanced program to optimise hatchery technology and operating methods. This program is now in its fifth year of operation, with Commercial and Research and Development objectives continuously evaluated. Today, this facility stands alone as being the leading joint Commercial/R & D Barramundi venture in Australia.

As a result of significant research and development over the last five years, output from the same hatchery footprint has increased by over 500%. Given the significant success of this program, R & D in this area still continues, with the ultimate goal to perfect this part of the aquaculture supply chain and be a world leader in hatchery supply. This goal is being met for Barramundi and other species are now under investigation.

Current R & D is focused on new species development, whilst more advanced work is underway for Barramundi in the areas of selective breeding and fingerling selection protocols, to further improve the quality of seed stock for commercial operations. This activity directly enhances productivity and profitability of the production ventures.

FABRICATION AND R & D

CAQ continues to operate fabrication facilities, enabling the manufacture of key proprietary components. Whilst awaiting a number of projects to progress from MOU stage to contract stage, CAQ has been manufacturing and stockpiling various key components, to enable shorter lead-times to production once the projects are fully committed. We have also maintained a strong emphasis on R & D of new components and production techniques throughout the year.



CAQ's R & D component manufacturing

GROW-OUT PRODUCTION

During the year, CAQ has progressed a number of MOU's to develop grow-out production operations in Malaysia, Singapore and South Africa. The advancement of these projects has been hindered primarily by the lengthy lead-times and cumbersome processes of gaining all relevant approvals in the various regions. This has been a source of great frustration and has stifled our ability to move forward at our desired pace.

As production commencement delays continued as a result of lengthy lead-times, the Board recently made the decision to take a pro-active approach and aim to source a suitable 'low-cost' production location, with all relevant approvals in place, to enable the establishment of a Company owned, commercial scale grow-out production operation. This would enable CAQ to complete its vertically integrated 'Hatch to Dispatch' business model on a true commercial scale and propel the Company towards profitability.

NEW THAILAND PRODUCTION OPERATIONS

In September, the Company formally secured an outstanding production site, with all relevant approvals in place, located in Phuket, Thailand. The production site has a superior quality water source as well as all necessary infrastructure and services in place.

The existing shed and tanks are currently being retro-fitted with our proprietary 'Cell' filtration components, which will significantly increase the potential production 'yield' of the existing operation for Australian Barramundi and also enable accelerated commencement of production.

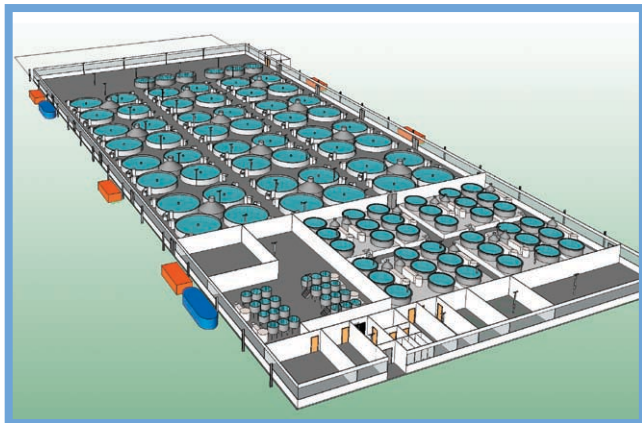
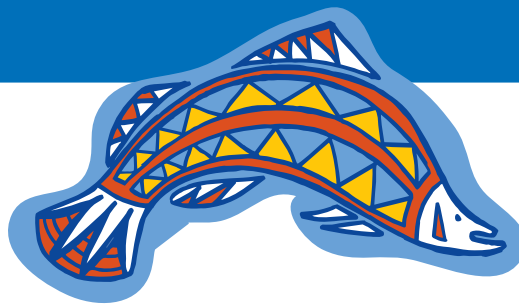


Retro-fitting of existing facility with key Cell™ components enables rapid commencement of commercial production

The securing of this outstanding production opportunity, in a 'low-cost' operating environment, represents a key step forward for the Company. Having approvals in place and the ability to retro-fit an existing facility, accelerates production targets by up to 12 months.

Our first batches of Australian Barramundi fingerlings (baby fish) were successfully shipped to this new production venture in mid October 2010.

Following completion of the retro-fit of the existing facility, construction of a new purpose-built large-scale 'Cell' production facility will commence immediately on the adjacent vacant land.



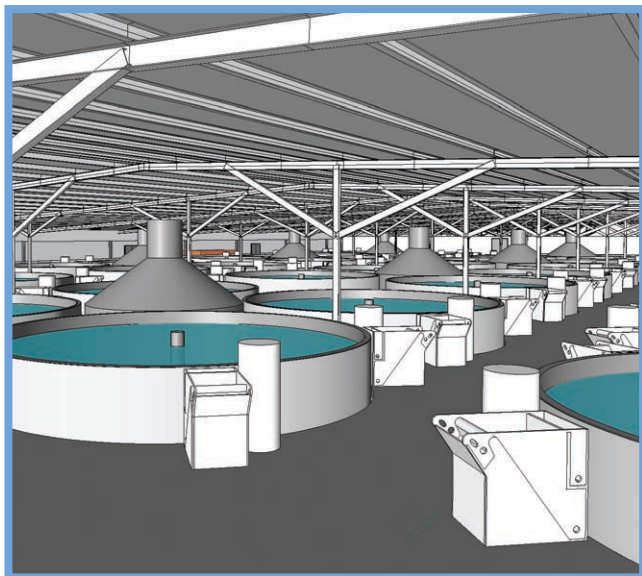
The state-of-the-art new Cell™ facility to be constructed in Thailand

THAILAND EXPANSION POTENTIAL

The newly sourced Thailand production site had an initial capacity of approximately 500 tonnes of premium finfish per annum, however we have recently managed to also obtain an option on the adjoining site, which will now see the project's capacity potentially increase to over 1,000 tonnes per annum.

Being a company owned project, we can now aggressively advance this venture at our desired pace.

We are also continuing to actively progress our various MOU's in Malaysia, Singapore and South Africa, with a view to converting them into profitable production ventures in the near future.



Internal view of the new Thailand production facility

DISPATCH – PROCESSING, VALUE-ADDING, MARKETING, BRANDING AND DISTRIBUTION

CAQ recently established a wholly owned subsidiary 'Cell Aqua Foods Pty Ltd' - a fully operational, food processing, value-adding, packaging and marketing division.

The Company 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 instant cash flow from the operations, whilst providing a solid platform for the Company to further develop our product range and distribution network.



The high-spec processing facility is pictured above

We have been fortunate to secure the services of a local award winning chef with over 15 years experience in food processing and new product development.

Via Cell Aqua Foods, we have now developed a unique range of Premium fresh, smoked and value added Barramundi products – which are being actively and successfully marketed under our Eco-Star™ brand.

The first quarter of the 2011 financial year has been spent on rationalising and streamlining the Cell Aqua Foods business and will be followed by an aggressive growth strategy to expand the product range and distribution network – creating further domestic and export markets for the 'Grow-out Production' opportunities outlined previously.



Manufacture of Eco-Star™ Smoked Barramundi Pate's



The unique range of Delicious Eco-Star™ Smoked Barramundi Pate's

WHERE TO BUY CELL AQUA'S PRODUCE?

We are in the process of rolling out our branded Eco-Star™ and 'Providores Kitchen' product ranges in the local West Australian marketplace.

Our products can be found in most IGA supermarkets, as well as the Progressive Supa IGA network and the Farmer Jack's and Food Works networks. We are also introducing our products into a range of Gourmet Delicatessens.

Keep your eyes out for them - they're delicious !

For further information on the Cell Aqua Foods range, you can visit our new website, by going to the home page of www.cellaqua.com and then click on the link to 'Cell Aqua Foods'.

COMPANY OUTLOOK

Due to the extensive lead-times to obtain relevant approvals in various target production regions, progress during the 2010 year has been slower than expected, however the Company is now well 'on-track' with a pro-active strategy, the right 'proven' business model and a highly motivated, committed and dedicated team.

The Company's ability to now establish low-cost production operations and then process, value add, brand and distribute the produce into premium markets, offers a very compelling business case and sees the Company on a positive path to profitability.

We wish to thank all our staff for their tireless dedication and commitment to CAQ and also to our very loyal and patient shareholders for their tremendous ongoing support of the Company.

Having secured investment from a key cornerstone investor during the year, the Company maintains a healthy cash position, debt free status, and is well poised for the coming year.



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