

Cell Aquaculture Limited

ACN 091 687 740

Prospectus

For the offers of:

1. up to 250,000,000 Shares at a price of \$0.01 each to raise up to \$2,500,000, subject to the conditions set out in to **Section 5.2 (Public Offer)**; and
2. 100,000,000 Shares to the Sophisticated Investors (**Sophisticated Investor Offer**),
(together, the **Offers**).

THE OFFERS ARE NOT UNDERWRITTEN

THE PUBLIC OFFER IS SUBJECT TO CONDITIONS

The Public Offer is conditional upon certain events occurring. Please refer to **Section 5.2** for further details.

IMPORTANT NOTICE

This is an important document and investors should read the document in its entirety and are advised to consult with their professional advisers before deciding whether to apply for securities pursuant to this Prospectus.

Any investment in the Company under this Prospectus should be considered speculative in nature and prospective investors should be aware that they may lose some or all of their investment.

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1. IMPORTANT INFORMATION

1.1 General

The Prospectus is dated 27 June 2013 and a copy of this Prospectus was lodged with ASIC on that date. Neither ASIC, ASX nor their respective officers take any responsibility for the contents of this Prospectus or the merits of the investment to which the Prospectus relates.

Within 7 days of the date of this Prospectus, the Company will make an application to ASX for the Shares offered pursuant to the Prospectus to be admitted for quotation on ASX.

Shares will not be issued pursuant to this Prospectus later than 13 months after the date of this Prospectus.

1.2 Application for Shares and Speculative Investment

Persons wishing to apply for Shares pursuant to the Offers must do so using the relevant Application Form attached to or accompanying this Prospectus. Before applying for Shares, potential investors should carefully read the Prospectus so that they can make an informed assessment of:

- the rights and liabilities attaching to the Shares;
- the assets and liabilities of the Company; and
- the Company's financial position and performance, profits and losses, and prospects.

Investors should carefully consider these factors in light of their own personal financial and taxation circumstances.

Any investments in the Company should be considered speculative. Please refer to **Section 8** for details relating to risk factors. Applicants should read this Prospectus in its entirety and persons considering applying for Shares pursuant to the Prospectus should obtain professional advice from an accountant, stockbroker, lawyer or other advisor before deciding whether or not to invest.

1.3 Representations

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

1.4 Jurisdiction

The offer of Shares made pursuant to this Prospectus is not made to persons or places to which, or in which, it would not be lawful to make such an offer of Shares. No action has been taken to register the Offers under this Prospectus or otherwise permit the Offers to be made in any jurisdiction outside Australia. The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law in those jurisdictions and therefore 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.

1.5 Forward looking statements

This Prospectus contains forward looking statements which incorporate an element of uncertainty or risk, such as 'intents', 'may', 'could', 'believes', 'estimates', 'targets' or 'expects'. These statements are based on an evaluation of current economic and operating conditions, as well as assumptions regarding future events. These events, as at the date of this Prospectus, are expected to take place, but there is no guarantee that such will occur as anticipated or at all given that many of the events are outside the Company's control.

Accordingly, the Company cannot and does 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. Further, the Company may not update or revise any forward looking statement if events subsequently occur or information subsequently becomes available that affects the original forward looking statement.

1.6 Electronic Prospectus

In addition to issuing the Prospectus in printed form, a read-only version of the Prospectus is also available on the Company's website, www.cellaquaculture.com.au. Applications cannot be made online. Any person accessing the electronic version of this Prospectus for the purpose of making an investment in the Company must be an Australian resident and must only access the Prospectus from within Australia. The Corporations Act prohibits any person passing onto another person an Application Form unless it is attached to a hard copy of this Prospectus or it accompanies the complete and unaltered electronic version of this Prospectus.

1.7 Exposure Period

In accordance with Chapter 6D of the Corporations Act, this Prospectus is subject to an Exposure Period of 7 days from the date of lodgment of the Prospectus with ASIC. This period may be extended by ASIC for a further period of 7 days.

The purpose of the Exposure Period is to enable the Prospectus to be examined by market participants prior to the raising of the funds. Such examination may result in the identification of deficiencies in this Prospectus. If this Prospectus is found to be deficient, Application Forms received during the Exposure Period will be dealt with in accordance with section 724 of the Corporations Act. Application Forms received during the Exposure Period will not be processed until the expiry of the Exposure Period. No preference will be conferred on Application Forms received during the Exposure Period.

1.8 Photographs

Photographs used in this Prospectus are for illustration purposes only and should not be interpreted to mean that the assets or items shown in them are owned by the Company.

1.9 Interpretation

A number of terms and abbreviations used in this Prospectus have defined meanings which are set out in **Section 11**.

A reference to \$ is a reference to Australian currency. All amounts in this Prospectus are in Australian dollars unless otherwise stated.

2. CORPORATE DIRECTORY

Directors

Perryman Leach
Suresh Abishegam
Paul Price
KC Denis Ong
Soo Tuck Yoon

Company Secretary

Deborah Ho

Registered Office

C/- Crowe Horwath
Level 6, 256 St Georges Terrace
PERTH WA 6000

Share Registry

Advanced Share Registry Services
150 Stirling Highway
NEDLANDS WA 6009

Investigating Accountant

BDO Corporate Finance (WA) Pty Ltd
38 Station Street
SUBICAO WA 6008

Auditor

BDO Audit (WA) Pty Ltd
38 Station Street
SUBICAO WA 6008

Corporate Advisor

Trident Capital
Level 24, 44 St Georges Terrace
PERTH WA 6000

Legal Advisor

Price Sierakowski Corporate
Level 24, 44 St Georges Terrace
PERTH WA 6000

ASX Code

CAQ

Website

www.cellaquaculture.com.au

3. LETTER TO INVESTORS

On behalf of the directors of Cell Aquaculture Limited (**Company**), I am pleased to present this Prospectus to you.

The Company successfully held a General Meeting on 18 June 2013, seeking Shareholder approval of a number of resolutions to give effect to the Recapitalisation Proposal. The Recapitalisation Proposal will restructure the Company's issued capital, discharge the Company's obligations to Creditors and provide new working capital.

The Public Offer pursuant to this Prospectus is subject to the conditions set out in **Section 5.2**. The Sophisticated Investor Offer is not subject to any conditions.

The Company proposes to raise \$2,500,000 from the Public Offer and \$500,000 from the Sophisticated Investor Offer.

These funds will be used to:

- facilitate the Company's reinstatement on ASX, including the re-quotation of the Shares on ASX;
- pay various costs associated with the Offers;
- implement the Company's operation and expenditure plans outlined in **Section 3**, specifically continuing the Company's ongoing operations being the operation, management and maintenance of the ECOCell™ system;
- pay the costs of the Recapitalisation Proposal including payments for the benefit of Creditors and the Trustees in accordance with the DOCA and the Creditors' Trust Deed; and
- provide capital to enable identification, investigation and development of other investment opportunities.

Further information regarding the Company's business, the terms of the Offers and the Recapitalisation Proposal are contained in **Section 3** of this Prospectus.

Details about the risks of an investment of this type are contained in **Sections 4.6** and **Section 8** of this Prospectus. Investors should obtain professional investment advice before deciding to invest. Please read this document carefully before making your investment decision.

It is recommended that you consider the terms of the Offers contained in this Prospectus. If you then choose to invest in the Company, I welcome you as a Shareholder.

Yours faithfully,



Paul Price
Director
Cell Aquaculture Limited

4. INVESTMENT OVERVIEW

This Section is a summary only and is not intended to provide full information for investors intending to apply for Shares offered under this Prospectus. Prospective investors should read and consider this Prospectus in its entirety.

4.1 Summary of the Offers

By this Prospectus, the Company is undertaking 2 offers of securities as follows:

- **Public Offer** – a conditional offer to the general public of up to 250,000,000 Shares at an issue price of \$0.01 per Share to raise \$2,500,000 before expenses of the Offers.
- **Sophisticated Investor Offer** – an offer to the Sophisticated Investors of 100,000,000 Shares at an issue price of \$0.005 per Share.

All Shares issued under the Offers will rank equally with Existing Shares on issue on the terms set out in **Section 9.2**.

The Public Offer is conditional upon the satisfaction of the conditions referred to in **Section 5.2**. The Sophisticated Investor Offer is not subject to any conditions.

4.2 Purpose of the Offers

The principal purpose of the Offers is to:

- facilitate the Company's reinstatement on the Official List of ASX, including the re-quotation of the Shares on ASX;
- pay various costs associated with the Offers;
- pay the costs of the Recapitalisation Proposal including payments for the benefit of the Administrators and the Creditors in accordance with the terms of the DOCA and the Creditors' Trust Deed;
- implement the Company's operation and expenditure plans outlined in **Section 4.10**; and
- provide capital to enable identification, investigation and development of other investment opportunities.

4.3 Key dates

The anticipated date of quotation of the Shares on ASX is subject to ASX approval. The dates shown in the table below are indicative only and may vary. The Company reserves the right to vary the Opening Date and the Closing Date without prior notice, which may have a consequential effect on the other dates.

Applicants under the Public Offer are therefore encouraged to lodge the Public Application Form as soon as possible after the Public Offer opens if they have decided to invest in the Company.

The Company also reserves the right not to continue with the Offers at any time before the allotment of Shares to successful Applicants.

Indicative timetable	
Lodgement of this Prospectus with ASIC	27 June 2013
Opening Date	5 July 2013
Closing Date	5 August 2013
Allotment of Shares under this Prospectus	9 August 2013
Payment to Trustees under the DOCA and the Creditors' Trust Deed	9 August 2013
Commencement of trading of Shares on ASX	16 August 2013

4.4 Capital structure

A summary of the capital structure of the Company before and after completion of the Offers is set out in the following table:

Shares	Minimum Subscription	Maximum Subscription
Existing Shares on issue at the date of this Prospectus	24,115,429	24,115,429
Shares issued under the Public Offer	200,000,000	250,000,000
Shares issued under the Sophisticated Investor Offer	100,000,000	100,000,000
Total Shares on issue at completion of the Offers	324,115,429	374,115,429

Note: The Company has no options to acquire a Share on issue.

4.5 Business model

The key features of the Company's business model and future operations are outlined in **Section 6.3**.

4.6 Key risks

Before deciding on whether to apply for Shares under this Prospectus, prospective investors should read the Prospectus in its entirety and consider the risk factors set out below and also in **Section 8**.

Risk	Description	Section
Termination of the Creditors' Trust Deed	As the Company is currently subject to the Creditors' Trust Deed, there is a risk that the terms and conditions of the Creditors' Trust Deed will not be	8.1(a)

	satisfied. In such circumstances, the Company may be placed back into administration or proceed to being wound up.	
Contract Risks	The Company may be unable to satisfy the conditions of any current or future agreements or undertakings with third parties, jeopardising the Company's interest in these agreements. If the third parties default on their obligations under the agreements and undertakings, the Company may be adversely affected.	8.1(b)
Operational and Technical Risks	Operational and technical factors such as mechanical failure and shortages of parts may affect operations.	8.1(c)
Product Quality and Reliability	There can be no assurance that a product liability or other claim would not materially and adversely affect the business or financial condition of the Company.	8.1(d)
Competition	There is no assurance that the Company will be able to compete effectively with existing and new competitors in the future. Increased competition in the industry may reduce the Company's sales.	8.1(e)
Dependence on Key Personnel	The Company may not be able to retain or hire suitable personnel, be they Directors or key consultants.	8.1(f)
Uncertainty and Future Profitability	The Company may not achieve a viable development plan that allows it to operate profitably.	8.1(g)
Acquisitions	The Company may make a new investment in another industry which will bring with it the usual business risk associated with managing and operating a business.	8.1(h)
Future Capital Needs	Any inability to obtaining funding will adversely affect the business and financial condition of the Company, and consequently, its performance.	8.1(i)

The above list of risk factors should not be taken as an exhaustive list of the risks faced by the Company. Prospective investors must refer to the risk factors set out in full in **Section 8** before making a decision to subscribe for Shares under this Prospectus.

4.7 Key financial information

On 1 October 2012, the securities of the Company were suspended from official quotation on the Official List of the ASX and on 19 November 2012 the Administrators were appointed as administrators of the Company.

At a meeting of the Creditors on 15 February 2013, the Creditors resolved that the Company enter into a Deed of Company Arrangement which was executed on 26 February 2013 by the Company, the Administrators and Trident Capital.

The DOCA was terminated on 2 May 2013 however the Company remains subject to the Creditors' Trust Deed and is required to pay \$600,000 to the Trustees to fully satisfy the Claims of the Creditors and the costs of the Trustees (of this amount, \$30,000 has been paid as at the date of this Prospectus). Due to the limited relevant trading history and financial performance information, the Company is not in a position to disclose any key financial ratios other than its balance sheet which is included in the Investigating Accountant's Report set out in **Section 7**.

It is not possible to evaluate the Company's future prospects based on past performance. The Directors are confident that the Company's past performance should not impact on the future opportunities of the Company.

4.8 Information on Directors

- **Perryman Leach (Executive Director)**

Perryman Leach, the creator of the EcoCell™ Recirculating Seafood Production System, is a Civil Engineer, project manager and builder. He has extensive experience in the intensive farming of poultry throughout the food chain to abattoirs, small goods processing, chiller and freezer works and pollution control. Perryman Leach has had an ongoing role in the Company in species development and the further advancement of Cell's unique technologies.

Perryman Leach has not held directorships in any other listed companies during the past three financial years.

- **Suresh Abishegam (Executive Director)**

Suresh Abishegam is a Malaysian based businessman with public company experience. He currently owns and operates companies in the Shipping and Information Technology industries. Suresh Abishegam has been associated with Cell Aquaculture for the past seven years, making the introduction and providing the catalyst to complete the Joint Venture deal with the Malaysian Government. He is also a Director of the Company's Malaysian subsidiary, Cell Aqua Malaysia Sdn Bhd.

Suresh Abishegam has not held directorships in any other listed companies during the past three financial years.

- **Paul Price (Non-executive Chairman)**

Paul is a founding director of the Perth law firm, Price Sierakowski Corporate. Paul is a lawyer with in excess of 25 years of experience. He practices in the corporate and commercial areas and advises national and international clients on capital raising and structuring issues, Corporations Act and ASX Listing Rules compliance and governance issues. Paul has previously served as a director and non-executive chairman of a number of ASX listed companies.

- **Soo Tuck Yoon (Richard Soo) (Non-executive Director)**

Richard is a Malaysian national and has a Bachelor of Arts Degree from the National University of Malaysia.

Richard is currently a director of Leisurematics Sdn Bhd and also director of Sinomines (Hong Kong) Limited. Richard has 34 years of experience working in the areas of hospitality, gaming, trading and mining, including as:

- a General Manager of Best Western Inntown in Los Angeles, USA;
- General Manager of Harbin Roxy Entertainment Co., Ltd in China;
- General Director of Lao Cai International Hotel JVC in Vietnam; and
- a consultant and project manager to numerous project 'start-ups' in Indonesia, Cambodia and China.
- **KC Denis Ong (Non-executive Director)**

KC is a Director of Trident Management Services. He is an alumni from Deakin University, Victoria, holding a Bachelor of Commerce degree, and is a Certified Practising Accountant. KC has over 25 years of diverse experience in financial management and business advisory to corporations in Australia and South-East Asia.

4.9 Interests and Benefits of Directors

(a) Directors' Interests

Other than as set out below or elsewhere in this Prospectus none of the Directors has or has had, within 2 years before lodgment of this Prospectus with ASIC:

- any interest in the formation or promotion of the Company, or in any property acquired or proposed to be acquired by the Company in connection with its formation or promotion or in connection with the Offers; and
- no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to any Director, either to induce him or her to become, or to qualify them as a Director, or otherwise, for services rendered by him or her in connection with the formation or promotion of the Company or the Offers.

A summary of the Directors' interests in the securities of the Company are set out below.

Directors and their Associates	Shares held in Company	% of total Shares held	Shares issued pursuant to Sophisticated Investor Offer	Shares issued under Public Offer ¹	Relevant Interest after Offers – Minimum Subscription ²	Relevant Interest after Offers – Maximum Subscription ³
Paul Price	0	0%	16,000,000 ⁴	2,000,000	5.55%	4.81%
KC Ong	0	0%	2,000,000	2,000,000	1.23%	1.07%
Soo Tuck Yoon	0	0%	2,000,000	2,000,000	1.23%	1.07%
Perryman Leach	1,600,750	6.64%	0	0	0.49%	0.43%
Suresh Abishegam	129,381	0.54%	0	0	0.04%	0.03%
Total	0	7.18%	20,000,000	6,000,000	8.54%	7.41%

Notes:

- 1 Assumes that Paul Price, KC Ong and Soo Tuck Yoon or their nominees apply for and are issued 2,000,000 Shares each being the maximum number of Shares each of those Directors may apply for under the Public Offer pursuant to the Shareholder approval obtained at the General Meeting.
- 2 Assumes the Minimum Subscription is reached and there is a total of 324,115,429 Shares on issue at completion of the Offers.
- 3 Assumes the Maximum Subscription is reached and there is a total of 374,115,429 Shares on issue at completion of the Offers.
- 4 Paul Price's relevant interest arises through his interest as a director and shareholder of Trident Capital Pty Ltd.

(b) Shareholding qualifications

Directors are not required to hold any Shares under the Constitution.

(c) Directors' security holdings

Other than as set out in this **Section 4.9**, or elsewhere in the Prospectus, the Directors do not have any relevant interests in the securities of the Company as at the date of this Prospectus.

(d) Directors' remuneration

The Constitution provides that the Company may pay to the Directors a maximum total amount of directors' fees (excluding salaries and other employee benefits) as determined by the Company from time to time in general meeting. The current aggregate directors' fees for all Directors is a maximum of \$200,000 per annum to be apportioned among the Directors in such a manner as they determine.

Other than as set out in this **Section 4.9** or elsewhere in this Prospectus, the Directors have not received any financial benefit from the Company in the last 12 months.

The Board has approved directors' fees of \$5,000 per month for the Chairman and \$3,000 per month for each other Director for their services, commencing upon the reinstatement of the Company's Shares on the ASX.

(e) Agreements with Directors

- (i) At the General Meeting, Shareholder approval was obtained to enable the Directors to apply for, and the Company to issue to the Directors, the following Shares pursuant to the Public Offer under the Prospectus:
 - up to 2,000,000 New Shares to Paul Price and/or his nominee;
 - up to 2,000,000 New Shares to Soo Tuck Yoon and/or her nominee; and
 - up to 2,000,000 New Shares to KC Ong and/or his nominee.
- (ii) The Company also obtained Shareholder approval for the issue of 20,000,000 Shares to the following Directors as Sophisticated Investors:
 - 16,000,000 Shares to Trident Capital Pty Ltd and/or its nominee;
 - 2,000,000 Shares to KC Ong and/or his nominee; and

- 2,000,000 Shares to Soo Tuck Yoon and/or his nominee.

Paul Price has an indirect interest in Shares issued to Trident Capital Pty Ltd as he is a director and shareholder of Trident Capital Pty Ltd.

4.10 Expenditure plans

The Company proposes to raise a minimum of \$2,000,000 and a maximum of \$2,500,000 pursuant to the Public Offer under this Prospectus. The Company will also raise \$500,000 pursuant to the Sophisticated Investor Offer. The Company intends to apply the funds raised under the Public Offer and the Sophisticated Investor Offer as follows:

Maximum Subscription

Use of Funds – Expenditure Budget	Year 1	Year 2	Total
Payment to the Trustees under the DOCA and Creditors' Trust Deed	\$600,000	-	\$600,000
Costs associated with the Recapitalisation Proposal	\$518,260	-	\$518,260
Review and evaluation of new business opportunities in the aquaculture sector	\$250,000	\$250,000	\$500,000
General working capital	\$200,000	\$200,000	\$400,000
Total funds utilised	\$1,568,260	\$450,000	\$2,018,260
Cash at Bank – End of Year	\$1,431,740	\$981,740	

Minimum Subscription

Use of Funds – Expenditure Budget	Year 1	Year 2	Total
Payment to the Trustees under the DOCA and Creditors' Trust Deed	\$600,000	-	\$600,000
Costs associated with the Recapitalisation Proposal	\$488,260	-	\$488,260
Review and evaluation of new business opportunities in the aquaculture sector	\$250,000	\$250,000	\$500,000
General working capital	\$200,000	\$200,000	\$400,000
Total funds utilised	\$1,538,260	\$450,000	\$1,988,260
Cash at Bank – End of Year	\$961,740	\$511,740	

Whilst the Company will be investing in its business, it will also expect to be generating revenues as well. The above expenditure budget does not include those revenues.

Whilst the Directors are satisfied that upon completion of the Offers the Company will have sufficient working capital to meet its stated objectives, investors should be aware that the



Company may use and expend its cash reserves more quickly than contemplated. This may or may not leave the Company in a negative cash flow situation which may ultimately affect the value of the Company's Shares.

Further, any future investments that may be contemplated by the Company may exceed the current or projected working capital of the Company. Accordingly, any such acquisition may need to be funded by debt and/or equity issues, as required and may be subject to Shareholder approvals (if required).

5. DETAILS OF THE OFFERS

5.1 THE OFFERS

(a) Public Offer

Subject to **Section 5.2**, by this Prospectus, the Company offers 250,000,000 Shares at an issue price of \$0.01 per Share to raise funds of up to \$2,500,000 (before expenses). There is no allowance for oversubscriptions. The Public Offer is subject to a Minimum Subscription level of 200,000,000 Shares.

The Public Offer is open to the general public.

The Shares to be issued pursuant to this Public Offer are of the same class and will rank equally in all respects with the Existing Shares in the Company. The rights and liabilities attaching to Shares are further described in **Section 9.2** of the Prospectus.

Applications for Shares under the Public Offer must be made on the **PUBLIC APPLICATION FORM** contained in **Section 12** of this Prospectus and must be received by the Company before 5.00pm WST on the Closing Date.

The Public Application Form should be completed in accordance with the instructions set out on the back of the form.

The Directors reserve the right to reject any Application or to allocate any Applicant fewer Shares than the number for which the Applicant has applied.

(b) Sophisticated Investor Offer

Under the Sophisticated Investor Offer, the Company offers 100,000,000 Shares at an issue price of \$0.005 per Share to the Sophisticated Investors, pursuant to the Company's Notice of General Meeting. The Sophisticated Investor Offer is not subject to any conditions.

The Shares issued pursuant to the Sophisticated Investor Offer are of the same class and will rank equally in all respects with the Existing Shares in the Company and the Shares issued under the Public Offer.

To apply under the Sophisticated Investor Offer, Sophisticated Investors must complete the **SOPHISTICATED INVESTOR APPLICATION FORM** contained in **Section 13** of this Prospectus which must be received by the Company before 5.00pm WST on the Closing Date.

5.2 CONDITIONS TO THE PUBLIC OFFER

(a) Conditions

The satisfaction of each of the conditions below is a requirement for the allotment of Shares under the Public Offer:

(i) Minimum Subscription

The minimum level of subscription for the Public Offer is 200,000,000 Shares to raise \$2,000,000.

Securities will not be allotted or issued by the Company under the Public Offer until the Minimum Subscription for the Public Offer has been achieved.

(ii) ASX Approvals

The Company has received conditional approval from ASX to be reinstated to trading on the Official List subject to satisfying conditions stipulated by ASX.

The Public Offer is conditional upon the Company being satisfied of its ability to satisfy the requirements of the ASX for the Company to be reinstated to ASX.

(b) Non Satisfaction of Conditions

In the event that any of these conditions are not met within 3 months of the date of this Prospectus, all Application Monies for the Public Offer will be returned to the applicable Applicants without interest as soon as possible thereafter.

5.3 APPLICATIONS FOR THE OFFERS

(a) Public Offer

If you wish to participate in the Public Offer, you must complete the Public Application Form set out in **Section 12** of this Prospectus. Applicants may apply for a minimum parcel of 200,000 Shares, representing a minimum investment of \$2,000. Applicants seeking additional Shares must apply thereafter for Shares in multiples of 100,000 (equivalent to \$1,000).

All Applications must be completed in accordance with the detailed instructions on the Public Application Form and be accompanied by a cheque or bank cheque drawn and payable on an Australian bank and must be made payable to "Cell Aquaculture Limited – Subscription Account" (**Subscription Account**) and should be crossed "Not Negotiable". No brokerage or stamp duty is payable.

Completed Public Offer Application Forms and accompanying cheques must be received by the Company before 5.00pm WST on the Closing Date by either being delivered to or mailed to the following address:

Delivered to: Cell Aquaculture Limited c/- Trident Capital Level 24, St Martins Tower 44 St Georges Terrace PERTH WA 6000	Posted to: Cell Aquaculture Limited c/- Trident Capital PO Box Z5183 St Georges Terrace PERTH WA 6831
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All Application Monies received with duly completed Public Application Forms will be paid into the Subscription Account in accordance with the requirements set out in **Section 5.7** of this Prospectus.

The Company must, subject to the conditions set out in **Section 5.2** being met and the requirements set out in **Section 5.7**, deal with the Application Monies in respect of the Public Offer held in the Subscription Account in accordance with the following instructions of the Directors:

- transfer all of the Application Monies received under the Public Offer and held in the Subscription Account to the Company; and
- allot and issue the Shares offered under the Public Offer.

An original, completed and lodged Public Application Form together with a cheque for the Application Monies constitutes a binding and irrevocable offer to subscribe for the number of Shares specified in each Public Offer Application Form. The Public Application Form does not need to be signed to be valid.

If the Public Application Form is not completed correctly or if the accompanying payment is for the wrong amount, it may be treated by the Company as valid. The Directors' decision as to whether to treat such an application as valid and how to construe, amend or complete the Public Application Form is final however an Applicant will not be treated as having applied for more Shares than is indicated by the amount of the cheque for the Application Monies.

Applicants are encouraged to lodge their Public Application Forms as soon as possible, as the Public Offer may close early without notice.

(b) Sophisticated Investor Offer

For Sophisticated Investors to participate in the Sophisticated Investor Offer they must complete the Sophisticated Investor Application Form set out in **Section 13** of this Prospectus. Sophisticated Investors are to apply for the applicable number of Shares set out in **Section 11** under the definition for "Sophisticated Investors".

All Applications must be completed in accordance with the detailed instructions on the Sophisticated Investor Application Form and be accompanied by a cheque or bank cheque drawn and payable on an Australian bank and must be made payable to "Cell Aquaculture Limited – Subscription Account" (**Subscription Account**) and should be crossed "Not Negotiable". No brokerage or stamp duty is payable.

Completed Sophisticated Investor Offer Application Forms and accompanying cheques must be received by the Company before 5.00pm WST on the Closing Date by either being delivered to or mailed to the following address:

Delivered to: Cell Aquaculture Limited c/- Trident Capital Level 24, St Martins Tower 44 St Georges Terrace PERTH WA 6000	Posted to: Cell Aquaculture Limited c/- Trident Capital PO Box Z5183 St Georges Terrace PERTH WA 6831
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All Application Monies received with duly completed Sophisticated Investor Application Forms will be paid into the Subscription Account.

The Company must deal with the Application Monies held in the Subscription Account in accordance with the following instructions of the Directors:

- transfer all of the Application Monies received under the Sophisticated Investor Offer and held in the Subscription Account to the Company; and
- allot and issue the Shares offered under Sophisticated Investor Offer.

An original, completed and lodged Sophisticated Investor Application Form together with a cheque for the Application Monies constitutes a binding and irrevocable offer to

subscribe for the number of Shares specified in each Sophisticated Investor Application Form. The Sophisticated Investor Application Form does not need to be signed to be valid.

If the Sophisticated Investor Application Form is not completed correctly or if the accompanying payment is for the wrong amount, it may be treated by the Company as valid. The Directors' decision as to whether to treat such an Application as valid and how to construe, amend or complete the Sophisticated Investor Application Form is final however an Applicant will not be treated as having applied for more Shares than is indicated by the amount of the cheque for the Application Monies.

Applicants are encouraged to lodge their Sophisticated Investor Application Forms as soon as possible, as the Sophisticated Investor Offer may close early without notice.

5.4 MINIMUM SUBSCRIPTION AND OVERSUBSCRIPTION

The minimum level of subscription for the Public Offer is \$2,000,000. No Shares under the Public Offer will be allotted or issued until the Public Offer has reached its Minimum Subscription. If the Minimum Subscription of the Public Offer has not been achieved within 3 months after the date of this Prospectus, all Application Monies in respect of the Public Offer will be refunded without interest in accordance with the Corporations Act.

There is no minimum level of subscription for the Sophisticated Investor Offer.

No oversubscriptions will be accepted.

5.5 OFFERS NOT UNDERWRITTEN

The Offers are not underwritten nor does the Company have a sponsoring broker in respect of the Offers. The Company will pay a 1% management fee to Trident Capital on all capital raised under the Public Offer and a fee of up to 5% of the value of the Shares to holders of an Australian Financial Services Licence in respect of Shares placed to their clients.

5.6 ALLOCATION AND ALLOTMENT OF SHARES

The Directors reserve the right to reject any application or to allot a lesser number of Shares than that applied for. If the number of Shares allocated is less than that applied for, or no allotment is made, the surplus Application Monies will be promptly refunded without interest.

Subject to the conditions specified in **Section 5.2** being satisfied and ASX granting approval for quotation of the Shares, the allotment of Shares under the Public Offer will occur as soon as practicable after the Closing Date. Statements of shareholding will be dispatched as required by ASX. It is the responsibility of applicants to determine their allocation prior to trading in the Shares.

Applicants who sell the Shares before they receive their statement of shareholding will do so at their own risk.

5.7 APPLICATION MONIES TO BE HELD IN TRUST

The Application Monies for Shares to be issued pursuant to the Public Offer will be held in a separate bank account on behalf of applicants until the Shares are allotted. If the Minimum Subscription of the Public Offer is not achieved within a period of 3 months from the date of this Prospectus, the Application Monies for the Public Offer will be refunded in full without interest, and no Shares will be allotted under the Public Offer. All interest earned on

Application Monies (including those which do not result in allotment of Shares) will be retained by the Company.

5.8 ASX REINSTATEMENT

The Company's Shares were suspended from trading on the ASX on 1 October 2012.

Subject to, and in accordance with, the conditions set out in **Section 5.2**, the Company will apply to ASX no later than 7 days from lodgment of this Prospectus to have the Shares to be issued pursuant to this Prospectus quoted on the Official List.

If approval for quotation of the Shares on the Official List is not granted within 3 months after the date of this Prospectus, the Company will not allot or issue any Shares under the Public Offer, and Application Monies in respect of the Public Offer will be refunded in full without interest in accordance with the Corporations Act. Shares will be issued under the Sophisticated Investor Offer irrespective of whether quotation is granted.

Neither ASX, ASIC, nor any of their respective officers, take responsibility for the contents of this Prospectus. The fact that ASX may grant official quotation to the Shares issued pursuant to this Prospectus is not to be taken in any way as an indication by ASX as to the merits of the Company or the Shares.

5.9 CHESS AND ISSUER SPONSORSHIP

The Company operates an electronic CHESS sub-register and an electronic issue sponsored sub-register. These two sub-registers will make up the Company's register of Shares.

The Company will not issue certificates to Shareholders. Rather, holding statements (similar to bank statements) will be dispatched to Shareholders as soon as practicable after allotment. Holding statements will be sent either by CHESS (for Shareholders who elect to hold Shares on the CHESS sub-register) or by the Company's Share Registry (for Shareholders who elect to hold their Shares on the issuer sponsored sub-register). The holding statements will set out the number of Shares allotted under the Prospectus and provide details of a Shareholder's Holder Identification Number (for Shareholders who elect to hold Shares on the CHESS sub register) or Shareholder Reference Number (for Shareholders who elect to hold their Shares on the issue sponsored sub-register). Updated holding statements will also be sent to each Shareholder following the month in which the balance of their shareholding changes, and also as required by the ASX Listing Rules or the Corporations Act.

5.10 OVERSEAS INVESTORS

This Prospectus does not constitute an offer or invitation in any place in which, or to any person to whom, it would not be lawful to make such an offer or to extend such an invitation. No action has been taken to register this Prospectus or otherwise to permit an offering of Shares in any jurisdiction outside Australia. It is the responsibility of non-Australian resident investors to obtain all necessary approvals for the issue to them of Shares offered pursuant to this Prospectus.

5.11 PRIVACY DISCLOSURE

Persons who apply for Shares pursuant to this Prospectus are asked to provide personal information to the Company, either directly or through the Share Registry. The Company and the Share Registry collect, hold and use that personal information to assess applications

for Shares, to provide facilities and services to Shareholders, and to carry out various administrative functions. Access to the information collected may be provided to the Company's agents and service providers and to ASX, ASIC and other regulatory bodies on the basis that they deal with such information in accordance with the relevant privacy laws. If the information requested is not supplied, applications for Shares will not be processed. In accordance with privacy laws, information collected in relation to specific Shareholders can be obtained by that Shareholder through contacting the Company or the Share Registry

5.12 TAXATION

It is the responsibility of all investors to satisfy themselves of the particular taxation treatment that applies to them in relation to the Offers, by consulting their own professional tax advisors. Neither the Company nor its Directors or officers accepts any liability or responsibility in respect of the taxation consequences of the matters referred to in this Prospectus.

5.13 ENQUIRIES

This document is important and should be read in its entirety. Persons who are in any doubt as to the course of action to be followed should consult their stockbroker, solicitor, accountant or other professional advisor without delay.

Questions relating to the Offers can be directed to the Company on (08) 6211 5099.

6. COMPANY AND PROJECT OVERVIEW

6.1 BACKGROUND

(a) History

The Company was incorporated on 7 March 2000 and issued a prospectus seeking to raise between \$5,000,000 (minimum subscription) and \$7,000,000 (maximum subscription) by way of an initial public offering of its Shares (**IPO**) on 22 April 2005 for the purpose of listing on the ASX.

A supplementary prospectus was issued on 31 May 2005.

The Company was admitted to the ASX on 20 July 2005 with 118,716,606 shares and 21,385,500 options on issue, having raised \$5,201,000.

(b) Analysis of Historical Failure

(i) Under-capitalisation

Having just achieved its minimum subscription at IPO (\$5,201,000 raised) the Company had only been quoted a fortnight when it announced the sale and lease back of its premises in Hamilton Hill for \$2,600,000. The funds raised at IPO, and in the almost immediate sale of the Company's property interest, were rapidly consumed in an internationally focused expansion that the Company didn't have the financial wherewithal to fund.

A European joint venture was announced two days after official quotation commenced including an initial financial commitment from the Company of \$400,000. Less than three months later on 19 October 2013, a joint venture in the USA was announced. A week later the Company announced a three monthly operating cashflow of -\$647,799, that blew out to -\$1,161,381 when loans to other entities were included, and a cash at bank figure of \$3,438,469 approximately three months after raising \$5,201,000.

Whilst the receipt of the proceeds from the Hamilton Hill property on 14 November 2005 was a welcome injection of capital, just one week later the Company announced the acquisition of a 30% interest in Marine Farms Ltd and another week later at the annual general meeting for the Company, the Company's Chairman discussed activities or potential activities for the Company in Europe, India, Asia, USA, Canada, Australia and New Zealand. Not surprisingly, given the expansive international focus of the Company, net operating cashflows for the next three month period (ending 31 December 2005) were -\$800,737 and cash at the end of the period was \$4,385,924, despite the Company having received \$2,600,000 from the sale of the Hamilton Hill premises.

By the end of the Company's first full financial year post-IPO (the 2006 financial year), the Company had net operating cashflows of -\$2,521,501 plus net investing cashflows of -\$1,696,809, leaving it with cash of \$2,605,346 from a total of \$7,801,000 (being the amount raised from the IPO plus the sale of the Hamilton Hill property).

Prior to the end of the 2006 financial year, the Company announced a further joint venture in the USA with Delta Aquaculture Services and the joint acquisition of a facility in Missouri. Before the 2006 calendar year had closed further deals in Malaysia (Terengganu) and Bulgaria had been announced.

The Company aggressively pursued international expansion without significant revenues to underpin or finance that growth.

By the end of the 2007 financial year, the Company had net operating cashflows for that period of -\$2,566,129, investing cashflows of -\$793,557 and a bank balance of \$410,123.

(ii) International Expansion

The Company pursued international expansion and operations from the outset. Joint ventures and acquisitions were pursued in all inhabited continents except South America. The Netherlands and Bulgaria were chosen in Europe, the USA and Canada targeted in North America, Thailand, Malaysia and Singapore in Asia, South Africa in Africa and Australia and New Zealand.

Whilst it is clear from **Section 6.1(b)(i)** that the Company was severely under-funded for such an extensive international expansion, the lack of focus and clear goals and strategies behind the expansion is not as evident. The absence of a clear strategy and its implementation only becomes evident when one examines the scatter-gun approach to its operating locations and the clear differences in demographics and cost structures in those locales.

The expansion into Thailand and Malaysia was supported by the expected low cost of construction and establishment and accompanying low operating costs. Locations were chosen in Europe and North America on the expected strength of those markets for the product, but with little or no regard for the significantly high establishment and operation costs. The choice of Singapore, a relatively high cost country surrounded by some of the cheapest cost countries in the world, and offering a market that could be readily supplied from adjoining Malaysia and Thailand, is perplexing. Similarly, South Africa is possibly the highest cost country in Africa, but does provide less sovereign risk and a large market.

What is clear is that the rationale behind each decision, whilst possibly being understood on an individual basis, was not coherent or consistent when viewed as a whole. What eventuated was the truism "Failure to plan, is planning to fail".

(iii) Profit drivers

Whilst demand for seafood outstrips supply, reflected by ever increasing costs of seafood to consumers, the amounts paid to producers, whether it is wild caught, or aquaculture production, are much lower and make profitable operation difficult.

The seafood industry is structured worldwide with a large number of 'middlemen' who aggregate production of particular species, aggregate seafood of various species from a particular location, and who import seafood species from international sources. Unfortunately, all these hands that

seafood production passes through, all take a 'cut', leaving the producer struggling for profitability, whilst the consumer is paying a substantial premium to the amount received by the producer.

The Company has consistently received prices of US\$11 a kilo for fish produced, no matter from where they are produced, or by whom they are purchased. The Company has established the Australian barramundi as a premium table fish that sells as an Australian fish, regardless of where it is grown using the EcoCell™ system. The cost of production of the fish varies from one jurisdiction to the next, affected by wages, the cost of power, the cost of fish food, rents, leases and other factors. The Company has established a cost base of between US\$7.50-\$8.00 per kilogram for fish produced in Australia and other 'first world' countries, and a cost base of US\$4.50 per kilogram for fish produced in Malaysia and Thailand.

(c) Conclusions

Despite the failings of the Company outlined in **Section 6.1(b)**, the Company has retained certain opportunities, assets, intellectual property, experience and expertise to assist with resurrection of the core business. These include:

- (i) one of the Company's subsidiaries, Cell Aqua Malaysia Sdn Bhd, currently building, a production facility in Pagoh, Malaysia, for the Malaysian Fisheries Department on a turn-key construction contract. The successful commissioning and operation of the Pagoh facility may result in similar projects being rolled out in other areas of Malaysia (please refer to **Section 6.3(b)(i)** for further information); and
- (ii) the EcoCell™ "hatch to dispatch" system of aquaculture production which is a proven producer of premium seafood in an ecologically friendly manner, and is internationally recognised as such.

The Directors believe that the above factors, together with an understanding of the primary reasons for the Company's losses in the past, will enable a re-birthed business a greater chance of success.

During the final years before the voluntary appointment of the Administrators to the Company on 19 November 2012, the Company focussed on its existing projects, joint ventures and divisions and made no further expansions. Production in Malaysia and Thailand and the Company's fish processing divisions were the targets of management.

Whilst the Company delivered on its promises to Shareholders to exploit the EcoCell™ internationally, it was unable to deliver significant revenue streams from its various joint ventures, memorandums of understanding and international projects. Modest pre-IPO revenue (\$97,575 in the 2004 financial year and \$70,747 in the 2005 financial year) leapt in the Company's first full year as a listed entity (\$983,559 in the 2006 financial year) and peaked a couple of years later (\$1,567,104 in the 2008 financial year). Unfortunately, revenue dropped dramatically in the following year (\$385,003 in the 2009 financial year), and never really recovered in subsequent years (\$538,717 in the 2010 financial year, \$535,127 in the 2011 financial year and \$499,000 in the 2012 financial year).

During the same financial periods, the cost of employees (including consultants in later years) quickly rose from pre-IPO levels of approximately \$300,000 per annum to

almost \$1,000,000 per annum and stabilised at approximately \$1,200,000 per annum. Unfortunately for Shareholders, there was little correlation between revenues and employee/consultant costs.

The Company reported losses every year, pre and post-IPO, with the losses ranging from \$585,758 in the 2006 financial year to \$4,710,575 in the 2007 financial year. The Company's accumulated losses at 30 June 2012 were \$19,898,168. The Company consistently reported impairments on loan receivables, goodwill and plant and equipment.

In addition, losses were reported on discontinued operations of the Company, and by 2012 a substantial interest expense of \$566,233, arising from the Company entering into a \$6,000,000 financing facility on 27 January 2011, was weighing heavily on the Company. In its final accounts released to the market (2011 financial year), the Company reported losses in its food processing division in Australia (\$176,632), its Malaysian joint ventures and projects (\$405,084), its Thailand subsidiary (\$372,506) and its Australian operations (\$1,175,849). None of its operations, anywhere, were profitable. The Administrators, in their "Report to Creditors", further noted substantial loans owing to the Company from each of its subsidiaries, none of which are recoverable from assets (negligible) or likely to be repaid.

Ultimately, the economic environment, together with the Company's inherited debt levels, did not provide for survival and the Company was placed into administration on 19 November 2012.

(d) Administration

On 19 November 2012, the Administrators were appointed as the administrators of the Company pursuant to section 436A of the Corporations Act. As a consequence, the Company requested that its securities be suspended from official quotation on the Official List on that same day.

At a meeting of the Company's Creditors on 15 February 2013 it was resolved that the Company enter into a Deed of Company Arrangement (**DOCA**).

On 26 February 2013, the Company, the Administrators and Trident Capital executed the DOCA (with the Administrators becoming the administrators of the DOCA) and on the same day the Company and the Administrators executed the Creditors' Trust Deed (with the Administrators becoming the trustees of the Creditors' Trust).

The DOCA was terminated on 2 May 2013 however the Company remains subject to the Creditors' Trust Deed and is required to pay \$600,000 to the Trustees to fully satisfy the Claims of the Creditors and the costs of the Trustees (of which \$30,000 has been paid as at the date of this Prospectus).

(e) General Meeting

The Company issued a Notice of General Meeting to convene a meeting of Shareholders where the Shareholders were to consider and, if thought appropriate, pass resolutions in respect of the following matters:

- (i) Consolidation of Capital – the consolidation of the Existing Shares on a 1 for 10 basis.
- (ii) Reduction of Capital – the capital reduction of the Company by applying an

amount of accumulated losses (being \$19,138,441) against share capital which is considered permanently lost.

- (iii) Issue of Sophisticated Investor Shares – the issue of 100,000,000 Shares to Sophisticated Investors to raise \$500,000.
- (iv) Issue of Shares under the Public Offer – the issue of up to 250,000,000 Shares at an issue price of \$0.01 each to raise up to \$2,500,000.
- (v) Directors' participation in the Public Offer – Shareholder ratification that certain Directors of the Company be allowed to subscribe for up to 2,000,000 Shares each pursuant to the Public Offer.

The resolutions above were approved by Shareholders at the General Meeting on 18 June 2013.

6.2 RETAINED ASSETS

On the completion of the Recapitalisation Proposal the Company will retain ownership of the following key assets:

- The “Hatch to Dispatch” aquaculture system trademarked as the EcoCell™ system of aquaculture production. The system is a fully integrated, low risk, land based seafood production package aimed at the supply of premium quality seafood to major world markets.
- Cell Aqua Foods Pty Ltd ACN 144 652 979, a wholly owned subsidiary of the Company, which was previously involved with value adding, packaging and distribution of seafood products in the Western Australian market. The operations of this subsidiary ceased shortly after the appointment of the Administrators on 19 November 2012, and the Board will evaluate its revival following the successful recapitalisation of the Company.
- Cell Aqua Malaysia Sdn Bhd, a 90% owned subsidiary of the Company that is currently completing the construction of a 250 tonne high density facility in Pagoh, Malaysia, for the Malaysian Fisheries Department.
- TRG Cell Sdn Bhd, a joint venture project between the Company and the Terengganu State Government that established a 100 tonne per annum, premium species production facility in Malaysia. This facility is currently not operational and a decision will be made by the Board on whether to recommence operations following the successful recapitalisation of the Company.
- C Aquaculture (Thailand) Limited, a retrofitted, existing land-based aquaculture operation with the specialised “Cell” filtration equipment which was established as a low-cost, high yielding, Australian barramundi production facility. This facility is currently not operational and a decision will be made by the Board on whether to recommence operations following the successful recapitalisation of the Company.

6.3 BUSINESS MODEL AND FUTURE OPERATIONS

(a) Marketing Plan

Once Cell Aquaculture has returned to production, which the Directors envisage may take approximately 24 months from completion of the Recapitalisation Proposal, it intends to market its products by emphasising to suppliers, processors, wholesalers, consumers and other fish purchasers that its product is an Australian premium fish

available in ready supply from a facility where the Company can guarantee providence, husbandry and production. The Company will also consider a renewed focus on the Australian market.

The Company's strategy will be to focus on the Australian barramundi, optimise the cost of production and supply products to consumers both in Australia and internationally.

(i) Market and Industry

(A) Market

According to a report of the Food and Agriculture Organization of the United Nations (**FAO**) titled "The State of World Fisheries and Aquaculture", in 2009, per capita seafood consumption worldwide is approximately 18.4 kilograms per annum. The major seafood markets are Japan, the USA and the European Union, with these markets currently depending on imports for 40-60% of their seafood consumption. Since the 1960s, world fish consumption has increased on a per capita basis largely due to consumers becoming more health conscious, increased standards of living and food fish supply growth outpacing population growth.

During the same period, wild capture has decreased as a result of advances in fishing technology and equipment, over-fishing and pollution. As a result, from 1970 to 2003, seafood prices increased by 566%, which is almost twice the rate of red meat (297%) and three times the rate of poultry (194%).

In 2010, it was estimated that the seafood production shortfall, worldwide, was 40 million tonnes per year. Currently, in excess of 40% of seafood production worldwide is provided by aquaculture.

(B) Key Industry Trends

The industry has been moulded by consumer demand for certified seafood from assured providence. The growing sophistication of seafood consumers has had a clearly definable effect on the industry. Consumers are demanding that the seafood they purchase is certified, from a producer with clear providence and environmentally friendly production methods. A consumer backlash has been felt by producers using drugs and steroids in their feed, producers who mislabel or misdescribe the product, and producers that can't satisfy consumers as to the means of production, or type of seafood that they are selling.

(ii) Competitors

(A) Aquaculture Production

Cell Aquaculture Limited will be in competition with both Australian and overseas producers (particularly in tropical and subtropical South East Asia including Indonesia, Thailand, Vietnam and Taiwan) of high quality finfish. The competition will come from both capture and aquaculture industries domestically and overseas. According to the FAO, in 2010, the Oceania region (including Australia) contributed just

0.30% of total world aquaculture production compared to China which contributed to 61.40% of total production.

Cell Aquaculture has a distinct advantage over competitors because it uses the trademarked EcoCell™ aquaculture system of production (detailed in **Section 6.3(a)(iii)** below).

Aquaculture in Australia is relatively well developed with a number of producers already established in the market place. With respect to high quality finfish, including the Australian barramundi, key growers in the Australian market include Robarra Barramundi, Coral Sea Farms Australia Pty Ltd, Bundaberg Aquaculture, Flicking Fresh Farmed Barramundi and Aquariums and Good Fortune Bay Fisheries.

Further, Cell Aquaculture is and will also be competing with other well established fish capture operators, suppliers and exporters of high quality seafood. There are a large number of fish capture operators in Australia supplying the Australian domestic market as well as exporting overseas. Major competitors in this area include A Raptis & Sons Pty Ltd, Urgangan Fisheries, Mackay Reef Fish Supplies, Ocean Exports Pty Ltd, Poulos Bros Pty Ltd, Wood Fisheries Pty Ltd, The Stehr Group, Kailis Bros Pty Ltd and Tassal Group Limited.

(B) Other Revenue

Historically, in addition to the sale of fish to both wholesale suppliers and further up the value chain to retailers, the Company has been involved in the design and construction of aquaculture facilities on a turn-key basis (i.e. as a completed product that is ready to use). It is hoped that the project currently being completed by Cell Aqua Malaysia Sdn Bhd in Pagoh, Malaysia is the first of many design and construct projects for the Company.

Once the Pagoh facility is completed, the Company intends to use it as an example of its capability in the design and construct area, and pursue further similar opportunities in other jurisdictions also.

(iii) Products

The primary source of revenue for the Company in the past has been the sale of premium quality Australian finfish (especially Australian barramundi) grown from its EcoCell™ aquaculture system. This trademarked system is a land based, environmentally responsible aquaculture system developed for the production and supply of premium quality finfish to major world markets.

Through its subsidiary Cell Aqua Foods Pty Ltd, Cell Aquaculture has also offered 'ready to eat' Barramundi meals in various flavours (including lemon cracked pepper, garlic butter sauce and smoked chilli butter) under the Eco-Star brand. The product highlights quality and convenient cooking at home. The company has also offered a diverse range of gourmet seafood products such as premium finfish, oysters, prawns, mussels, squid and other miscellaneous seafood varieties. Following completion of the Recapitalisation Proposal, the Directors will assess the commercial viability of Cell Aqua Foods Pty Ltd before deciding whether to recommence its operations.

The Company has significant expertise and experience in the production of premium fish for human consumption. The EcoCell™ “hatch to dispatch” system has been installed in a number of facilities overseas and is recognised internationally for its efficiency, productivity and environmentally friendliness, as it is a closed system with no waste discharged into the environment.

(iv) Promotion and Marketing

If the Company recommences production, which the Directors consider may take approximately 24 months from completion of the Recapitalisation Proposal, it will market its products, especially its flagship product, the Australian Barramundi, by emphasising to suppliers, processors, wholesalers and other fish sellers that its product is an Australian fish found naturally in Australia and is superior when compared to any non-Australian counterpart.

It will be marketed as a superior product that has been produced in a clean and controlled environment via the EcoCell™ system. It is expected that this quality factor will be particularly significant in Asian countries where inferior production methods have been reported to pose significant health risks to consumers.

(v) Opportunities

In addition to the experience, expertise and intellectual property that Cell Aquaculture has resulting from the historic business, the following factors have been identified as characteristics of other existing successful aquaculture businesses. Successful competitors may exhibit a number or all of these characteristics. These include:

- (A) improved farming methods such as the ability to produce derived from sound genetics;
- (B) enhanced control in feeding through automated feeders;
- (C) having an efficient transport network;
- (D) having a good relationship with government agencies whether in Australia or overseas;
- (E) having a good relationship with customers whether retail or institutional;
- (F) having hatcheries in suitable locations;
- (G) recruiting experienced aquaculture professionals to gain the right market intelligence;
- (H) to position itself as a premium product with the powerful Australian retail chain;
- (I) having a strong brand and strategy;
- (J) having world class benchmarks in cost of productions and cost of processing;

(K) having employees being aware of their responsibility for safe food and the quality image of the Company; and

(L) taking control of the full value of production from the sprat to the plate.

The Company will consider these factors when making decisions on its future operations.

(b) Cell Aquaculture Subsidiaries

(i) TRG Cell Sdn Bhd (TRG)

TRG is a 90% owned subsidiary of the Company, with the remaining 10% interest being held by the Terengganu State Government in Malaysia pursuant to a joint venture agreement (**Malaysian JV**).

Prior to being placed in voluntary administration, TRG was negotiating with the Terengganu State Government in respect of an ongoing dispute arising out of the construction of a 1,000 tonne per annum aquaculture facility at Kuala Besut, Malaysia.

The Terengganu State Government have outstanding contractual obligations owing under the Malaysian JV pursuant to which the Company is seeking damages of approximately \$500,000. If an agreement can be reached between the parties, it is believed that the aquaculture facility at Kuala Besut could be operational within 6 months of the dispute ending.

If completed, the aquaculture facility at Kuala Besut could provide significant growth opportunities for TRG in relation to the construction of new aquaculture facilities throughout the region. However, due to the dispute, the operations of TRG have stalled and it is uncertain as to whether they will be resurrected by the Company following completion of the Recapitalisation Proposal.

(ii) Cell Aquaculture Malaysia Sdn Bhd (CAM)

CAM is currently finalising the construction of a recirculating aquaculture farm on a government site in Pagoh, Malaysia, which it anticipates will be completed by late September 2013.

The Pagoh aquaculture farm will have a production capacity of 250 tonnes per annum. With the aquaculture industry throughout South East Asia looking for innovative ways to accommodate the increase in fish consumption throughout the area, CAM is confident that the new aquaculture facility can play a vital role in aquaculture growth throughout the region.

The Directors believe that the successful completion of the new aquaculture facility will provide CAM with a significant commercial opportunity to enter into new commercial arrangements with the Malaysian government, and also third party contracts within the private sector.

(iii) Cell Aquaculture (Thailand) Limited (CAT)

CAT is a 100% wholly owned subsidiary of Cell Aquaculture Holdings Limited, which is a 100% wholly owned subsidiary of the Company.

CAT undertook significant operations to construct a new aquaculture facility on a site in Thailand however the work was not completed before the site was abandoned. It is estimated that it would cost approximately \$3,000,000 to complete construction of the Thailand facility. If, however, adequate capital was raised to finalise the Thailand aquaculture facility, it is anticipated that the new facility would produce approximately 1,000 tonnes of production per annum, with the possibility for a further increase in production.

The Board will evaluate the future of CAT, and whether it is a project worth revisiting, once the recapitalisation is completed.

(c) Financial Plan

The Company's revenue model is principally focused on the wholesale sale of premium finfish produced from the Company's facilities, or facilities that the Company manages. There is also expected to be further revenues from the design and construction of aquaculture production facilities utilising the Company's EcoCell™ system.

(i) Wholesale Production

The Company has historically sold its premium finfish production for \$11 per kilogram regardless of where the production was from, but predicated on the basis that it was produced from the EcoCell™ system.

Although the Company expects those sale prices to remain around the same level, price will ultimately be determined by the gap in the supply and demand equation for seafood internationally.

(ii) Turn-key Construction

The Company is close to completing an aquaculture facility for the Malaysian Fisheries Department in Pagoh, Malaysia on a turn-key basis. The Company is hopeful that this type of work, which involves no provision of capital by the Company but rather the Company's expertise, will contribute strongly to its revenue base in the future.

The Company listed with the "Hatch to Dispatch" aquaculture system, being "a fully integrated, low risk, land based seafood production package, to supply premium quality seafood to major world markets". This process was trademarked as the EcoCell™ system of aquaculture.

The Company's new capital raising will provide sufficient capital for it to achieve its business plans. New management skills will ensure strict investment and expenditure hurdles are adopted by the Company for its future business plans, a discipline that would appear to have been absent for a lot of the Company's life.

Expansion and joint ventures in poorly understood markets will no longer be a feature of the Company's business plans. Careful and extensive consideration of new projects, including a clear understanding of aquaculture demand, pricing and the local market's capacity to purchase, and the extent of existing demand, will be explored before the Company's capital is committed. Furthermore, joint ventures where the Company's contribution is limited to its intellectual property, and its reward consists of licence fees and royalties on production, will be sought and prioritised.

6.4 INVESTMENT OPPORTUNITIES

A portion of the Company's assets will be comprised of cash. As such, disclosure is required regarding the expertise of the current Directors and more specifically, how this level of expertise will assist the Company in making investment decisions.

The Directors have a broad range of commercial and public company experience. The Directors also have broad experience in project development, finance and corporate transactions for various listed and non-listed entities, which will be relevant to the assessment of potential projects for the Company. The Directors consider that their contacts and relevant experience will provide assistance in attracting and securing new projects for investment and acquisition.

The Directors are committed to the highest standards of corporate governance and they will make themselves readily available to meet the requirements of the Company and its operations going forward. The Board will ensure that they devote sufficient time, attention and skill to the duties of this position and the Company's business.

Investment strategies may be adopted as and when suitable opportunities are identified by the Board. The Company may be subject to additional risks in the future relating to these investments that cannot be identified as at the date of this Prospectus.

6.5 EXPENDITURE BUDGET

Please refer to the Company's proposed use of funds specified in **Section 4.10**.



7. INVESTIGATING ACCOUNTANT'S REPORT

CELL AQUACULTURE LIMITED
Investigating Accountant's Report

27 June 2013

27 June 2013

The Directors
Cell Aquaculture Limited
Level 24, 44 St Georges Terrace
Perth WA 6000

Dear Sirs

INVESTIGATING ACCOUNTANT'S REPORT

1. Introduction

We have prepared this Investigating Accountant's Report ("Report") on historical financial information of Cell Aquaculture Limited ("Cell Aquaculture" or "the Company") for inclusion in the Prospectus. Broadly, the Prospectus consists of two offers:

1. Up to 250 million Shares at an issue price of \$0.01 each to raise up to \$2.5 million before costs ("Public Offer"). The Public Offer is subject to a minimum subscription level of 200 million Shares to raise \$2 million before costs and there is no allowance for oversubscriptions; and
2. 100 million Shares at an issue price of \$0.005 each to raise \$0.5 million ("Sophisticated Investor Offer"). There is no minimum subscription level and no allowance for oversubscriptions,

(together, "the Offers").

The Public Offer is conditional upon the Company being satisfied of its ability to satisfy the requirements of the Australian Securities Exchange ("ASX") for the Company to be reinstated to the ASX.

2. Basis of Preparation

This Report has been prepared to provide investors with information on the historical consolidated statement of comprehensive income, consolidated statement of financial position, and consolidated statement of changes in equity, and the pro-forma consolidated statement of financial position and consolidated statement of changes in equity, as noted in Appendices 1, 2 and 3.

This Report does not address the rights attaching to the shares to be issued in accordance with the Prospectus nor the risk associated with the investment and has been prepared based on the complete Offers being achieved.

Neither BDO Corporate Finance (WA) Pty Ltd nor its related entities ("BDO") has been requested to consider the prospects for the Company, the shares on offer or related pricing issues, nor the merits and risks associated with becoming a shareholder and accordingly has not done so, and does not purport to do so. BDO accordingly takes no responsibility for these matters or for any matter or omission in the Prospectus, other than responsibility for this Report. Risk factors are set out in the Prospectus.

Expressions defined in the Prospectus have the same meaning in this Report.

3. Background

Cell Aquaculture Limited was incorporated on 7 March 2000 and obtained official admittance to the ASX on 20 July 2005. The Company's primary operations are focused on the vertically integrated production of premium quality seafood.

On 1 October 2012 Cell Aquaculture was suspended from official quotation on the ASX. On 19 November 2012, David Ashley Norman Hurt and Christopher Michael Williamson were appointed voluntary administrators of the Company ("the Administrators"). On 15 February 2013, the Company's creditors resolved that Cell Aquaculture enter into a Deed of Company Arrangement ("DOCA"). The DOCA was executed on 26 February 2013 by the Administrators and Trident Capital Pty Ltd ("Trident") and on the same day the Company and the Administrators executed the Creditors' Trust Deed. The DOCA was terminated on 2 May 2013 however the Company remains subject to the Creditors' Trust Deed and is required to pay \$600,000 to the Trustees to fully satisfy the Claims of Creditors and the costs of the Trustees (of which \$30,000 has been paid as at the date of this Prospectus).

On 18 June 2013, the Company held a general meeting and received approval for the recapitalisation of the Company ("Recapitalisation Proposal"). This will result in the following:

- Consolidation of Capital – the consolidation of the existing Shares on a 1 for 10 basis;
- Reduction of capital – the capital reduction of the Company by applying an amount of accumulated losses against share capital which is considered permanently lost;
- Issue of shares under Sophisticated Investor Offer;
- Issue of shares under the Public Offer; and
- Director's participation in the Public Offer.

On completion of the Recapitalisation Proposal the key assets intended to be retained by the Company include the following:

- Cell Aquaculture's trademarked EcoCell system of aquaculture production;
- Cell Aqua Foods Pty Ltd, a wholly owned subsidiary of Cell Aquaculture which supports the vertical integration of the Company's products to Western Australian markets. These operations ceased after the appointment of the Administrators and the Board will evaluate its revival following the successful recapitalisation of the Company;
- Cell Aqua Malaysia Sdn Bhd, a 90% owned subsidiary of the Company that has commenced the production of a large high density fish growing plant for the Malaysian government;
- Cell Aquaculture's joint venture with the Terengganu State Government in Malaysia. This facility is currently not operational and the Board will evaluate whether to recommence operations following the successful recapitalisation of the Company; and

- The Company's Australian barramundi production facility located near Phuket in Thailand. This facility is currently not operational and the Board will evaluate whether to recommence operations following the successful recapitalisation of the Company.

4. Scope

You have requested BDO to prepare an Investigating Accountant's Report covering the following financial information:

- the historical consolidated statement of financial position as at 31 December 2012, and the consolidated statement of comprehensive income and consolidated statement of changes in equity for the period ended on that date, for Cell Aquaculture;
- the pro-forma consolidated statement of financial position as at 31 December 2012, and the pro-forma consolidated statement of changes in equity for the period ended on that date, reflecting the actual position as at that date, major transactions between that date and the date of our report and the proposed capital raising under the Prospectus; and
- the accounting policies applied by the Company in preparing its financial statements,

(collectively the "Financial Information").

The historical financial information set out in the appendices to this Report has been extracted from the financial statements of Cell Aquaculture for the half-year ended 31 December 2012.

The Directors are responsible for the preparation of the historical financial information including determination of the adjustments.

We have conducted our review of the historical financial information in accordance with the Australian Auditing and Assurance Standard ASRE 2405 "Review of Historical Financial Information Other than a Financial Report". We made such inquiries and performed such procedures as we, in our professional judgment, considered reasonable in the circumstances including:

- a review of work papers, accounting records and other documents pertaining to balances in existence at 31 December 2012;
- a review of the assumptions used to compile the pro-forma Consolidated Statement of Financial Position;
- a review of the adjustments made to the pro-forma historical financial information;
- a comparison of consistency in application of the recognition and measurement principles in Accounting Standards and other mandatory professional reporting requirements in Australia, and the accounting policies adopted by the Company disclosed in the appendices to this Report; and
- enquiry of Directors and others.

These procedures do not provide all the evidence that would be required in an audit, thus the level of assurance provided is less than given in an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Our review was limited primarily to an examination of the historical financial information, the pro-forma financial information, analytical review procedures and discussions with both management and directors. A review of this nature provides less assurance than an audit and, accordingly, this Report does not express an audit opinion on the historical information or pro-forma financial information included in this Report or elsewhere in the Prospectus.

In relation to the information presented in this Report:

- support by another person, corporation or an unrelated entity has not been assumed;
- the amounts shown in respect of assets do not purport to be the amounts that would have been realised if the assets were sold at the date of this Report; and
- the going concern basis of accounting has been adopted.

5. Conclusion

Statement on Historical Financial Information

Attention is drawn to the expenses totalling \$1,239,614 included in the consolidated statement of comprehensive income for the period ended 31 December 2012. Included in this amount is a balance of \$232,686 relating to Cell Aqua Foods Pty Ltd. As at the date of our report we have been unable to be provided with sufficient evidence to substantiate this amount. Due to this limitation of scope we have not been able to obtain sufficient appropriate audit evidence to satisfy ourselves as to the existence and completeness of the Cell Aqua Foods Pty Ltd expenses recorded for the half-year ended 31 December 2012. Consequently, we are unable to determine the effect that any adjustments, if any, to this amount would have on the consolidated statement of financial position as at 31 December 2012 and the consolidated statement of comprehensive income and the consolidated statement of changes in equity for the half-year ended 31 December 2012.

Based on our review, which was not an audit, with the exception of the matters described in the preceding paragraph, nothing has come to our attention which would cause us to believe the historical financial information as set out in the Appendices to this report does not present fairly the financial performance for the half-year ended 31 December 2012 or the financial position as at 31 December 2012 in accordance with the measurement and recognition requirements (but not all of the disclosure requirements) of applicable Accounting Standards and other mandatory professional reporting requirements in Australia.

Statement on Pro-forma Financial Information

Based on our review, which was not an audit, with the exception of the matters described in the paragraphs above, nothing has come to our attention which would cause us to believe the pro-forma financial information does not present fairly the financial position of the Company as at 31 December 2012, in accordance with the measurement and recognition requirements (but not all of the disclosure requirements) of applicable Accounting Standards and other mandatory professional reporting requirements in Australia as if the pro-forma transactions had occurred on that date.

6. Subsequent Events

Apart from the matters dealt with in this Report, and having regard to the scope of our Report, to the best of our knowledge and belief, no material transactions or events outside of the ordinary business of the Company have come to our attention that would require comment on, or adjustment to, the information referred to in our Report or that would cause such information to be misleading or deceptive.

7. Assumptions Adopted in Compiling the Pro-forma Statement of Financial Position

The pro-forma consolidated statement of financial position post issue is shown in Appendix 2. This has been prepared based on the reviewed financial statements as at 31 December 2012, the

subsequent events set out in section 6, and the following transactions and events relating to the issue of Shares under this Prospectus:

- On 18 June 2013, the Company received approval to consolidate the number of Shares it has on issue on the basis that every 10 Shares held be consolidated into one Share;
- On 18 June 2013, the Company received approval to reduce the capital of the Company by applying an amount of up to \$19,825,629, being a proportion of the accumulated losses of the Company, against the share capital and reserves of the Company which is considered permanently lost;
- Under the Public Offer the issue of 250 million Shares at an offer price of \$0.01 each to raise \$2.5 million before costs based on the maximum subscription, or the issue of 200 million Shares at an offer price of \$0.01 each to raise \$2 million before costs based on the minimum subscription pursuant to the Prospectus;
- Under the Sophisticated Investor Offer the issue of 100 million Shares at an offer price of \$0.005 each to raise \$500,000 before costs pursuant to the Prospectus;
- Costs of the Offer based on the maximum subscription are estimated to be \$518,260 and based on the minimum subscription are estimated to be \$488,260, which are to be offset against the contributed equity;
- Under the terms of the DOCA and Creditors' Trust Deed, a total amount of \$600,000 is to be transferred to the Administrators to be applied to the Creditors Trust. An amount of \$30,000 has already been paid to the Administrators on behalf of the Company by Trident. Therefore an amount of \$570,000 will be paid to Administrators and an amount of \$30,000 will be repaid to Trident from the funds raised; and
- Under the terms of the DOCA, all existing claims against the Company will be released, extinguished and barred, with Creditor's Claims only being able to be met from the Creditors Trust in accordance with the terms of the DOCA. Therefore, the trade and other payables balance relating to the parent totalling \$679,329 and the borrowings balance of \$771,607 will be reduced to nil.

8. Disclosures

BDO Corporate Finance (WA) Pty Ltd is the corporate advisory arm of BDO in Perth.

Neither BDO Corporate Finance (WA) Pty Ltd nor BDO, nor any director or executive or employee thereof, has any financial interest in the outcome of the proposed transaction except for the normal professional fee due for the preparation of this Report.

Consent to the inclusion of the Investigating Accountant's Report in the Prospectus in the form and context in which it appears, has been given. At the date of this Report, this consent has not been withdrawn.

Yours faithfully

BDO Corporate Finance (WA) Pty Ltd

BDO


Peter Toll

Director

APPENDIX 1
CELL AQUACULTURE LIMITED
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Cell Aquaculture Ltd	Reviewed for the
Consolidated Statement of Comprehensive Income	half-year ended
	31-Dec-12
	\$
Revenue from continuing operations	756,272
Foreign currency gain	6,951
Expenses	
Raw materials and consumables used	(506,589)
Legal expenses	(14,524)
Marketing expenses	(38,375)
Communication expenses	(4,467)
Consultancy expenses	(117,605)
Employee benefits expense	(15,543)
Occupancy costs	(34,198)
Professional costs	(82,688)
Travel costs	(13,421)
Finance costs	(17)
Other expenses	(189,440)
Provision for impairment of receivables	(11,022)
Administrators expense	(114,614)
Interest expense	(50,000)
Loss before income tax expense	(429,280)
Income tax benefit/(expense)	-
Net loss for the period	(429,280)
Other comprehensive income	
Exchange differences on foreign currency translation	(47,111)
Total comprehensive income/(loss)	(476,391)
Net loss is attributable to:	
Owners of Cell Aquaculture	(481,522)
Non-controlling interest	52,242
	(429,280)
Total comprehensive income/(loss) attributable to:	
Owners of Cell Aquaculture	(528,633)
Non-controlling interest	52,242
	(476,391)

This consolidated statement of comprehensive income shows the historical financial performance of Company and is to be read in conjunction with the notes to and forming part of the historical financial information set out in Appendix 4 and the prior year financial information set out in Appendix 5. Past performance is not a guide to future performance.

APPENDIX 2

CELL AQUACULTURE LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Cell Aquaculture Ltd		Reviewed as at	Pro-forma adjustments		Pro-forma after issue	
Consolidated Statement of Financial Position		31-Dec-12	Min raising	Max raising	Min raising	Max raising
	Notes	\$	\$	\$	\$	\$
CURRENT ASSETS						
Cash and cash equivalents	2	3,996	1,411,740	1,881,740	1,415,736	1,885,736
Trade and other receivables		78,492	-	-	78,492	78,492
TOTAL CURRENT ASSETS		82,488	1,411,740	1,881,740	1,494,228	1,964,228
TOTAL ASSETS		82,488	1,411,740	1,881,740	1,494,228	1,964,228
CURRENT LIABILITIES						
Trade and other payables	3	1,136,330	(679,329)	(679,329)	457,001	457,001
Borrowings	4	771,607	(771,607)	(771,607)	-	-
TOTAL CURRENT LIABILITIES		1,907,937	(1,450,936)	(1,450,936)	457,001	457,001
TOTAL LIABILITIES		1,907,937	(1,450,936)	(1,450,936)	457,001	457,001
NET ASSETS/(LIABILITIES)		(1,825,449)	2,862,676	3,332,676	1,037,227	1,507,227
EQUITY						
Contributed equity	5	19,138,441	(17,126,701)	(16,656,701)	2,011,740	2,481,740
Reserves	6	687,188	(687,188)	(687,188)	-	-
Accumulated losses	7	(21,271,036)	20,676,565	20,676,565	(594,471)	(594,471)
Capital and Reserves attributable to the owners of Cell Aquaculture		(1,445,407)	2,862,676	3,332,676	1,417,269	1,887,269
Non-controlling interest		(380,042)	-	-	(380,042)	(380,042)
TOTAL EQUITY		(1,825,449)	2,862,676	3,332,676	1,037,227	1,507,227

The above pro-forma consolidated statement of financial position after Issue is as per the statement of financial position before Issue adjusted for any subsequent events and the transactions relating to the issue of shares pursuant to this Prospectus. The consolidated statement of financial position is to be read in conjunction with the notes to and forming part of the historical financial information set out in Appendix 4 and the prior year financial information set out in Appendix 5.

APPENDIX 3

CELL AQUACULTURE LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Cell Aquaculture Ltd		Reviewed for the				
Consolidated Statement of Changes in Equity		period ended	Pro-forma adjustments		Pro-forma after issue	
		31-Dec-12	Min raising	Max raising	Min raising	Max raising
	Notes	\$	\$	\$	\$	\$
Balance as at 1 July 2012		(20,789,514)	-	-	(20,789,514)	(20,789,514)
<i>Comprehensive income for the period</i>						
Profit/(Loss) for the period attributable to the owners of Cell Aquaculture		(481,522)	20,676,565	20,676,565	20,195,043	20,195,043
Total comprehensive income for the period	7	(21,271,036)	20,676,565	20,676,565	(594,471)	(594,471)
<i>Transactions with equity holders in their capacity as equity holders</i>						
Contributed equity, net of transaction costs	5	19,138,441	(17,126,701)	(16,656,701)	2,011,740	2,481,740
Reserves	6	687,188	(687,188)	(687,188)	-	-
Non-controlling interest		(380,042)	-	-	(380,042)	(380,042)
Total transactions with equity holders		19,445,587	(17,813,889)	(17,343,889)	1,631,698	2,101,698
Balance as at 31 December 2012		(1,825,449)	2,862,676	3,332,676	1,037,227	1,507,227

The above consolidated statement of changes in equity is to be read in conjunction with the notes to and forming part of the historical financial information set out in Appendix 4 and the prior year financial information set out in Appendix 5.

APPENDIX 4

CELL AQUACULTURE LIMITED

NOTES TO AND FORMING PART OF THE HISTORICAL FINANCIAL INFORMATION

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of the historical financial information included in this Report have been set out below.

(a) Basis of preparation of historical financial information

The historical financial information has been prepared in accordance with the recognition and measurement, but not all the disclosure requirements of the Australian equivalents to International Financial Reporting Standards ("AIFRS"), other authoritative pronouncements of the Australian Accounting Standards Board, Australian Accounting Interpretations and the Corporations Act 2001.

The historical financial information has been prepared on an accruals basis and is based on historical costs, modified, where applicable, by the measurement as fair value of selected non-current assets, financial assets and financial liabilities.

The preparation of the historical financial information requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the groups accounting policies.

(b) Going Concern

The historical financial information has been prepared on a going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the normal course of business.

The ability of the Company to continue as a going concern is dependent on the success of the fundraising under the Prospectus. The Directors believe that the Company will continue as a going concern. As a result the financial information has been prepared on a going concern basis. However should the fundraising under the Prospectus be unsuccessful, the entity may not be able to continue as a going concern. No adjustments have been made relating to the recoverability and classification of liabilities that might be necessary should the Company not continue as a going concern.

(c) Reporting Basis and Conventions

The report is also prepared on an accrual basis and is based on historic costs and does not take into account changing money values or, except where specifically stated, current valuations of non-current assets.

The following is a summary of the material accounting policies adopted by the company in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

(d) Principles of consolidation

Subsidiaries

Subsidiaries are entities controlled by the Company. The consolidated financial statements are prepared by combining the financial statements of all the entities that comprise the Consolidated Entity, being Cell Aquaculture Limited and its subsidiaries as defined in AASB 127: Consolidated and Separate Financial Statements. Consistent accounting policies are employed in the preparation and presentation of the consolidated financial statements.

The consolidated financial statements include the information and results of the subsidiary from the date on which the Company obtains control and until such time as the Company ceases to control such entity. Acquisitions of entities are accounted for using the acquisition method of accounting.

In preparing the consolidated financial statements, all inter-company balances and transactions, income and expenses and profit and losses resulting from intra-group transactions are eliminated in full.

Investments in subsidiaries are accounted for at cost in the financial report of Cell Aquaculture Limited.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the Consolidated Statement of Comprehensive Income and Consolidated Statement of Financial Position respectively. Total comprehensive income is attributable to the owners of Cell Aquaculture Limited and non-controlling interests even if this results in the non-controlling interests having a debit balance.

Changes in ownership interest

The Group treats transactions with non-controlling interests that does not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interest and any consideration paid or received is recognised in a separate reserve within equity attributable to the owners of Cell Aquaculture Limited.

(e) Foreign currency translation

Functional and presentation currency

The financial statements are presented in Australian dollars, which is Cell Aquaculture Ltd's functional and presentation currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Comprehensive Income, except when they are deferred in equity as qualifying cash flow hedges and qualifying net investment hedges.

Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each Statement of Financial Position presented are translated at the closing rate at the date of that Statement of Financial Position;
- income and expenses for each Statement of Comprehensive Income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- all resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are taken to shareholders' equity. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, a proportionate share of such exchange differences are recognised in the Statement of Comprehensive Income, as part of the gain or loss on sale where applicable.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entities and translated at the closing rate.

(f) Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Sale of goods

Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer and the costs incurred or to be incurred in respect of the transaction can be measured reliably. Risks and rewards of ownership are considered passed to the buyer at the time of delivery of the goods to the customer.

Interest income

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

(g) Income tax

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

Deferred income tax is provided in full, using the liability method, on temporary difference arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from the initial recognition of an asset or liability in a transaction other than a business combination, that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the Statement of Financial Position date and are expected to apply when the deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent entity is

able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax liabilities and assets are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity. Cell Aquaculture Limited and its Australian controlled entity have implemented the tax consolidation legislation

(h) Leases

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

Finance leases, which transfer to the Company substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised as an expense in profit or loss.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term.

Operating lease payments are recognised as an expense in the Statement of Comprehensive Income on a straight-line basis over the lease term. Lease incentives are recognised in the Statement of Comprehensive Income as an integral part of the total lease expense.

(i) Cash and cash equivalents

Cash and short-term deposits in the Consolidated Statement of Financial Position comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less.

(j) Trade and other receivables

Trade receivables, which generally have 30-60 day terms, are recognised and carried at original invoice amount less an allowance for any uncollectible amounts.

An allowance for doubtful debts is made when there is objective evidence that the Company will not be able to collect the debts. Bad debts are written off when identified

(k) Property plant and equipment

Property, plant and equipment are brought to account at cost or at independent or Directors' valuation, less where applicable any accumulated depreciation or amortisation. The carrying amount of property, plant and equipment is reviewed annually by Directors to ensure it is not in excess of the recoverable amount from those assets. The recoverable amount is assessed on the basis of expected net cash flows which will be received from the assets employment and subsequent disposal.

The gain or loss on disposal of all fixed assets, including revalued assets, is determined as the difference between the carrying amount of the asset at the time of disposal and the proceeds of disposal, and is included in the Statement of Comprehensive Income. Any realised revaluation increment relating to the disposed asset which is included in the revaluation reserve is transferred to retained earnings.

The depreciable amount of all fixed assets including buildings and capitalised leased assets, but excluding freehold land, are depreciated over their useful lives commencing from the time the asset is held ready for use. Properties held for investment purposes are not subject to a depreciation charge.

The depreciation rates used for each class of depreciable assets are:

- Buildings on leasehold land – 25%; and
- Plant and equipment – 5% - 40%

(I) Impairment of assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or Groups of assets and the asset's value in use cannot be estimated to be close to its fair value. In such cases the asset is tested for impairment as part of the cash-generating unit to which it belongs. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset or cash-generating unit is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses relating to continuing operations are recognised in those expense categories consistent with the function of the impaired asset unless the asset is carried at revalued amount (in which case the impairment loss is treated as a revaluation decrease).

An assessment is also made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase. After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

(m) Trade and other payables

Trade payables and other payables are carried at amortised costs and represent liabilities for goods and services provided to the Company prior to the end of the financial year that are unpaid and arise when the Company becomes obliged to make future payments in respect of the purchase of these goods and services.

(n) Borrowing costs

Borrowing costs are recognised as an expense when incurred.

(o) Interest-bearing loans and borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

Gains and losses are recognised in profit or loss when the liabilities are derecognised.

(p) Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

When the Company expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in Statement of Comprehensive Income net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability.

When discounting is used, the increase in the provision due to the passage of time is recognised as a borrowing cost.

(q) Employee benefits

Wages, salaries, annual leave and sick leave

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

Long service leave

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

Share-based payments

The Company provides benefits to employees (including Directors) in the form of share-based payment transactions, whereby employees render services in exchange for shares or rights over shares ('equity-settled transactions').

The cost of these equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an internal valuation using a Binomial option pricing model.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ('vesting date').

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting period has expired; and (ii) the number of options that, in the opinion of the Directors of the Company, will ultimately vest. This opinion is formed based on the best available information at reporting date. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted the cancelled and new award are treated as if they were a modification of the original award.

(r) Contributed equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

	Reviewed 31-Dec-12	Pro-forma after issue	
		Min raising	Max raising
NOTE 2. CASH AND CASH EQUIVALENTS	\$	\$	\$
Cash and cash equivalents	3,996	1,415,736	1,885,736
<i>Adjustments to arise at the pro-forma balance:</i>			
Reviewed balance of Cell Aquaculture as at 31 December 2012		3,996	3,996
<i>Pro-forma adjustments:</i>			
Proceeds from shares issued under the Sophisticated Investor Offer		500,000	500,000
Proceeds from shares issued under the Public Offer		2,000,000	2,500,000
Capital raising costs		(488,260)	(518,260)
Payment of costs under the DOCA to the Deed Administrator		(570,000)	(570,000)
Repayment of deposit paid to the Deed Administrator on behalf of the Company by Trident		(30,000)	(30,000)
		1,411,740	1,881,740
Pro-forma Balance		1,415,736	1,885,736

	Reviewed 31-Dec-12	Pro-forma After issue
	\$	\$
NOTE 3. TRADE AND OTHER PAYABLES		
Trade and other payables	1,136,330	457,001
<i>Adjustments to arise at the pro-forma balance:</i>		
Reviewed balance of Cell Aquaculture as at 31 December 2012		1,136,330
<i>Pro-forma adjustments:</i>		
Forgiveness of claims under the DOCA		(679,329)
		(679,329)
Pro-forma Balance		457,001

	Reviewed 31-Dec-12	Pro-forma After issue
	\$	\$
NOTE 4. BORROWINGS		
Borrowings	771,607	-
<i>Adjustments to arise at the pro-forma balance:</i>		
Reviewed balance of Cell Aquaculture as at 31 December 2012		771,607
<i>Pro-forma adjustments:</i>		
Forgiveness of claims under the DOCA		(771,607)
		(771,607)
Pro-forma Balance		-

	Reviewed 31-Dec-12		Pro-forma after issue Min raising	Max raising
	\$		\$	\$
NOTE 5. CONTRIBUTED EQUITY				
Contributed equity	19,138,441		2,011,740	2,481,740
	Number of shares (Min)	Number of shares (Max)	\$	\$
<i>Adjustments to arise at the pro-forma balance:</i>				
Fully paid ordinary share capital of Cell Aquaculture	241,154,294	241,154,294	19,138,441	19,138,441
<i>Pro-forma adjustments:</i>				
Consolidation of share capital on a 1:10 basis	(217,038,865)	(217,038,865)	-	-
Reduction/cancellation of share capital	-	-	(19,138,441)	(19,138,441)
	24,115,429	24,115,429	-	-
Proceeds from shares issued under the Sophisticated Investor Offer	100,000,000	100,000,000	500,000	500,000
Proceeds from shares issued under the Public Offer	200,000,000	250,000,000	2,000,000	2,500,000
Capital raising costs	-	-	(488,260)	(518,260)
	300,000,000	350,000,000	2,011,740	2,481,740
Pro-forma Balance	324,115,429	374,115,429	2,011,740	2,481,740

	Reviewed 31-Dec-12	Pro-forma After issue
NOTE 6. RESERVES	\$	\$
Reserves	687,188	-
<i>Adjustments to arise at the pro-forma balance:</i>		
Reviewed balance of Cell Aquaculture as at 31 December 2012		687,188
<i>Pro-forma adjustments:</i>		
Reduction/cancellation of share capital		(687,188)
		(687,188)
Pro-forma Balance		-

	Reviewed 31-Dec-12	Pro-forma After issue
NOTE 7. ACCUMULATED LOSSES	\$	\$
Accumulated losses	(21,271,036)	(594,471)
<i>Adjustments to arise at the pro-forma balance:</i>		
Reviewed balance of Cell Aquaculture as at 31 December 2012		(21,271,036)
<i>Pro-forma adjustments:</i>		
Reduction/cancellation of share capital		19,825,629
Forgiveness of claims under the DOCA		1,450,936
Payment of costs under the DOCA to the Deed Administrator		(570,000)
Repayment of deposit paid to the Deed Administrator on behalf of the Company by Trident		(30,000)
		20,676,565
Pro-forma Balance		(594,471)

NOTE 8: RELATED PARTY DISCLOSURES

Transactions with Related Parties and Directors Interests are disclosed in the Prospectus.

NOTE 9: COMMITMENTS AND CONTINGENCIES

At the date of the report no material commitments or contingent liabilities exist that we are aware of, other than those disclosed in the Prospectus.

APPENDIX 5

CELL AQUACULTURE LIMITED

HISTORICAL FINANCIAL INFORMATION

The Company does not consider it appropriate to disclose three years historical financial information because on 1 October 2012, the securities of the Company were suspended from official quotation on the ASX and in November 2012 the Administrators were appointed. The Company entered into a DOCA in February 2013, which was subsequently terminated on 2 May 2013 however the Creditors' Trust Deed still remains in place. Accordingly the Company has limited relevant trading history and financial performance information. We have therefore included the most recent consolidated statement of comprehensive income and consolidated statement of financial position, reviewed as at 31 December 2012, as detailed at Appendix 1 and Appendix 2 respectively and consider that these provide sufficient detail of historical financial information for the Company.

8. RISK FACTORS

There are numerous risks associated with investing in any form of business and with investing in the share market generally. There are also a range of specific risks associated with the Company's business.

This section identifies areas the Directors regard as major risks associated with an investment in the Company. Investors should be aware that an investment in the Company involves many risks, which may be higher than the risks associated with an investment in other companies. Intending applicants should read the whole of this Prospectus in order to fully appreciate such matters and the manner in which the Company intends to operate before any decision is made to subscribe for securities pursuant to this Prospectus.

Investors should be aware that there are risks associated with any share investment. The value of the Shares may be above or below the issue price under this Prospectus. The securities allotted under this Prospectus carry no guarantee in respect of profitability, dividends or return of capital.

The Shares offered under this Prospectus should be regarded as speculative and investors should be aware that they may lose some or all of their investment. Investors should consider whether the securities offered under this Prospectus are a suitable investment having regard to their own individual investment objectives, financial circumstances and the risk factors set out below. This list is not exhaustive and, if in any doubt, investors should consult their professional advisers before deciding whether to apply for securities pursuant to this Prospectus.

8.1 SPECIFIC RISKS

(a) Termination of the Creditors' Trust Deed

There is a risk that if the terms and conditions of the Creditors' Trust Deed are not satisfied and that payment of \$600,000 to the Trustees is not made, then the Company may proceed to administration or into liquidation. The terms and conditions of the DOCA and the Creditors' Trust Deed are summarised in **Section 9.1**.

(b) Contract Risks

The Company may enter into agreements and undertakings with third parties from time to time. If the Company is unable to satisfy the conditions of these agreements and undertakings, or if it defaults on its obligations under these agreements and undertakings, the Company's interest in their subject matter may be jeopardised. Further, if the third parties default on their obligations under the agreements and undertakings, the Company may be adversely affected.

(c) Operational and Technical Risks

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

- 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.

- Climate controlled environments

The Company's proprietary equipment requires 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.

- 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.

- 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.

- Supply of fry (availability of healthy fingerlings)

The unavailability of quality starter stock, or the interruption to the supply of quality starter stock could adversely impact the production output and cash flow of the Company.

- 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 ongoing risk.

(d) Product Quality and Reliability

The quality and reliability of the Company's products is critical to its reputation. There can be no assurance that a product liability or other claim would not materially and adversely affect the business or financial condition of the Company.

(e) Competition

The aquaculture production market is highly competitive. There is no assurance that the Company will be able to compete effectively with existing and new competitors in the future. Increased competition in the industry may reduce the Company's sales and selling prices and profit margins and may adversely affect its operating results. The Company will need to sustain and develop its sales and management to ensure it maintains its competitive edge in the market. There is also the risk that a competitor could market new products in a way that creates extensive competition for the Company. This may adversely affect its sales and decrease its current revenues. These adverse effects could impact on the profitability of the Company.

(f) Dependence on Key Personnel

The success of the Company will to an extent depend on the Directors' and key consultants' ability to successfully manage the Company's performance and exploit new opportunities. The loss of service of the Directors and key consultants could have an adverse effect on the proposed operations of the Company.

(g) Uncertainty and Future Profitability

The Company has incurred significant losses in the past, ultimately resulting in the appointment of the Administrator. It is not possible to evaluate the Company's future prospects based on past performance. The past performance should not impact on the future opportunities of the Company.

While the Directors have confidence in the future revenue-earning potential of the Company, there can be no certainty that the Company will achieve or sustain profitability or achieve or sustain positive cash flow from its operating activities.

(h) Acquisition

The Company may also review and consider other business opportunities. Consequently, this strategy may result in the Company making acquisitions of, or significant investments in, complementary or alternative companies or assets. Any such transactions would be accompanied by the risks inherent in making acquisitions of companies and assets. For example, there may be liabilities in connection with such acquisitions which are not identified in the Company's due diligence or the acquisitions may not prove to be successful. Further, risks associated with such acquisitions will also arise from the Company's ability to execute the acquisition and then to correctly manage the business operations and growth strategies moving forward. In addition, any acquisition may be subject to all or any Shareholder and regulatory approvals, which may include re-compliance with Chapters 1 a 2 of the ASX Listing Rules.

(i) Future Capital Needs

Further funding of projects may be required by the Company to support its ongoing activities and operations. There can be no assurance that such funding will be available on satisfactory terms or at all. Any inability to obtain funding will adversely affect the business and financial condition of the Company and, consequently, its performance.

(j) 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.

(k) 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 of forfeiture of the interest held by the Company.

(l) Environmental Risks

The future high intensity farming activities of the Company will be 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.

(m) Approvals

Approvals may be required for the Company's future 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 programs 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.

(n) Operating Risks Associated with Operating in a Foreign Country

The Company's joint venture operations and sales of its products in the future 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, rate 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.

(o) Foreign Exchange

The Company currently has a joint venture with a Malaysian State Government which functions using the currency of Malaysian Ringgit.

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.

(p) 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 trademarks 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.

8.2 GENERAL RISKS

(a) Economic and Government Risks

The future viability of the Company is also dependent on a number of other factors which may affect the performance of all industries, including, but not limited to, the following:

- general economic conditions in Australia and its major trading partners;
- changes in Government policies, taxation and other laws;
- the strength of the equity and share markets in Australia and throughout the world;
- movement in, or outlook on, exchange rates, interest rates and inflation rates;
- natural disasters, social upheaval or war in Australia or overseas; and
- other factors beyond the control of the Company.

(b) Insurance Risks

The Company intends to insure its operations in accordance with industry practice. However, in certain circumstances, the Company's insurance may not be of a nature or level to provide adequate insurance cover. The occurrence of an event that is not covered or fully covered by insurance could have a material adverse effect on the business, financial condition and results of the Company.

(c) Share Market

A number of factors affect the performance of share market investments that could also affect the price at which the Shares trade on the ASX. The market price of Shares can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general. These factors may materially affect the market price of the Company's securities regardless of the Company's operational performance.

Share market conditions are affected by many factors including but not limited to the following:

- general economic outlook;
- interest rates and inflation rates;
- currency fluctuations;
- change in Government macro fiscal policies;
- changes in investor sentiment toward particular market sectors;
- the demand for, and supply of, capital;
- terrorism or other hostilities; and
- other factors beyond the control of the Company.

(d) Liquidity

There is no guarantee that an active market in the Shares will develop or that the price of the Shares will increase. There may be relatively few buyers or sellers of Shares on the ASX at any particular time.

(e) Investments in the Company

The Shares to be issued pursuant to this Prospectus should be considered speculative. They do not carry any guarantee as to the payment of dividends, return of capital or the market value of the Shares. The prices at which an investor may be able to trade the Shares may be above or below the price which was paid by the investor for the Shares.

Prospective investors must make their own assessment of the likely risks and determine whether an investment in the Company is appropriate to their own circumstances.

9. ADDITIONAL INFORMATION

9.1 SUMMARY OF MATERIAL CONTRACTS

Set out below is a summary of the material contracts to which the Company is a party that may be material in terms of the Offers, for the operation of the business of the Company, or otherwise may be relevant to a potential investor in the Company.

The whole of the provisions of the agreements are not repeated in this Prospectus and any intending Applicant who wishes to gain a full knowledge of the content of the material contracts should inspect the same at the registered office of the Company.

(a) Deed of Company Arrangement

On 26 February 2013, the Company entered into a deed of company arrangement (**DOCA**) with Mr Chris Williamson and Mr David Hurt (**Administrators**) and Trident Capital Pty Ltd (**Trident Capital**). The DOCA was terminated on 2 May 2013 however it is still relevant to the Company's obligations under the Creditors' Trust Deed.

The material terms of the DOCA are as follows:

- The Administrators are required to establish a fund into which the following payments shall be made:
 - o \$600,000 (including a non-refundable deposit of \$30,000) paid by Trident Capital;
 - o cash on hand or at bank held by the Company; and
 - o any realisation of amounts owing to the Company.
- Subject to:
 - o the Company obtaining the necessary Shareholder and regulatory approvals to implement the Company's recapitalisation proposal;
 - o Trident Capital paying \$600,000 to the Administrators;
 - o the Administrators satisfying all claims by Creditors in order of priority set out in the DOCA; and
 - o the Creditors of the Company providing all requested documentation to fully release and discharge their security interests to the satisfaction of Trident Capital,

the DOCA will be fully implemented and all claims held by the Creditors will be discharged and extinguished.
- Should the arrangements under the DOCA fail, then the Company may be wound up, or the Administrators may take any other action permitted by the Corporations Act.

- Upon the satisfaction of the DOCA, the Administrators will return all control of the Company to the Directors.

(b) Creditors' Trust Deed

Pursuant to the terms of the DOCA, on 26 February 2013, the Company and the Trustees entered into a creditors' trust deed (**Creditors' Trust Deed**).

The material terms of the Creditors' Trust Deed are as follows:

- The Trustees must establish a fund (**Creditors' Trust**) to distribute money to the Creditors following the payment of \$600,000 by Trident Capital.
- The money in the fund is to be distributed in the following order of priority:
 - o payment of the Trustees' costs and disbursements;
 - o payment of entitlements that would, in a liquidation, be accorded a priority under section 556(1) and section 560 of the Corporations Act;
 - o payment of a dividend to the remaining admitted Creditors; and
 - o any remaining balance to the Company.
- The Creditors' Trust Deed will terminate after the Trustees determine that there remains no further trust property in the Creditors' Trust and that all legitimate claims by the Creditors have been satisfied.
- The Creditors agree to waive all claims against the Company in consideration for the right to payment in accordance with the DOCA and Creditors' Trust Deed.
- The Creditors' Trust Deed contains additional clauses considered standard in an agreement of this type.

9.2 RIGHTS AND LIABILITIES ATTACHING TO SHARES

The following is a general description of the more significant rights and liabilities attaching to the Shares. This summary is not exhaustive. Full details of provisions relating to rights attaching to the Shares are contained in the Corporations Act, ASX Listing Rules and the Company's Constitution, a copy of which is available for inspection at the Company's registered office during normal business hours.

Ranking of Shares

At the date of this Prospectus, all shares are of the same class and rank equally in all respects. Specifically, the Shares issued pursuant to this Prospectus will rank equally with Existing Shares.

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.

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.

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 ASX 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.

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.

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 ASX Listing Rules.

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.

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.

9.3 CORPORATE GOVERNANCE

This summary identifies the main corporate governance policies and practices adopted by the Company's Board. The Board and the management team are committed to high standards of corporate governance in the performance of their duties.

Where possible and having regard to the size and nature of the Company's operations, the Board have adopted the Corporate Governance Principles and Recommendations (Second Edition) (**ASX Recommendations**) issued by the ASX's Corporate Governance Council. Those of the ASX Recommendations that the Company does not comply with are set out in the table below:

No.	ASX Principal and Recommendation	Company's Position	Reason for Non-compliance
2.	Structure the Board to add value.		
2.1	A majority of the Board should be independent of Directors.	The Board has considered the guidance to Principle 2: <i>Structure the Board to Add Value</i> and in particular, Box 2.1, which contains a list of "relationships affecting independent status". Currently the Board is structured as follows: - Perryman Leach (Executive Chairman); - Suresh Abishegam (Executive Director); - Paul Price (Non-executive Director); - KC Ong (Non-executive Director); - and - Soo Tuck Yoon (Non-executive Director). The Board seeks to nominate persons for appointment to the Board who have the qualification, experience and skills to augment the capabilities of the Board.	Given the size and nature of the Company, the Board considers the composition of the Board is appropriate at this stage.
2.4	The Board should establish a Nomination Committee.	The Company currently does not have a separate Remuneration and Nomination Committee. However, the Company has adopted a Nomination and Remuneration Committee Charter. The roles and responsibilities of a Remuneration and Nomination Committee are currently	Given the size and nature of the Company, the Board considers the composition of the Remuneration and Nomination Committee is appropriate at this stage.

No.	ASX Principal and Recommendation	Company's Position	Reason for Non-compliance
		undertaken by the full Board.	
4.	Safeguard integrity in financial reporting.		
4.2	The Audit Committee should be structured so that it: • consists only of Non-Executive Directors; • consists of a majority of independent Directors; • is chaired by an independent chair, who is not chair of the Board; • has at least three members.	The Company currently does not have a separate Audit Committee. The roles and responsibilities of an Audit Committee are currently undertaken by the full Board.	Given the size and nature of the Company, the Board considers it is appropriate for the role of the Audit Committee to be performed by the Board at this stage.
8.	Remunerate fairly and responsibly.		
8.1	The Board should establish a Remuneration Committee.	The Company has not established a separate Remuneration Committee. The roles and responsibilities of a Remuneration and Nomination Committee are currently undertaken by the full Board.	Given the size and nature of the Company's operations, the Board considers it is appropriate for the role of the Remuneration and Nomination Committee to be performed by the Board at this stage.
8.2	The Remuneration Committee should be structured so that it: • consists of a majority of independent Directors; • is chaired by an	The roles and responsibilities of a Remuneration and Nomination Committee are currently undertaken by the full Board.	Given the size and nature of the Company, the Board considers it is appropriate for the role of the Remuneration and Nomination Committee to be performed by the Board at this stage.

No.	ASX Principal and Recommendation	Company's Position	Reason for Non-compliance
	independent Director; and has at least 3 members.		

The Role of the Board

The Board is responsible for:

- setting and reviewing strategic direction and planning;
- reviewing financial and operational performance;
- identifying principal risks and reviewing risk management strategies; and
- considering and reviewing significant capital investments and material transactions.

In exercising its responsibilities, the Board recognises that there are many stakeholders in the operations of the Company, including employees, Shareholders, co-ventures, the government and the community.

The Board has delegated responsibility for the business operations of the Company to the Managing Director and the management team. The management team, led by the Managing Director, is accountable to the Board.

Composition of the Board

The current Board comprises two executive Directors and three non-executive Directors. The Board seeks to nominate persons for appointment to the Board who have the qualifications, experience and skills to augment the capabilities of the Board.

Share Trading Policy

In accordance with ASX Listing Rule 12.9, the Company has adopted a (**Share Trading Policy**) which sets out the following information:

- closed periods in which directors, employees and contractors of the Company must not deal in the Company's securities;
- trading in the Company's securities which is not subject to the Company's Trading Policy; and
- the procedures for obtaining written clearance for trading in exceptional circumstances.

The Company's Trading Policy will be available on its website at www.cellaquaculture.com.au.

9.4 CONTINUOUS DISCLOSURE AND DOCUMENTS AVAILABLE FOR INSPECTION

The Company is a “disclosing entity” for the purposes of Part 1.2A of the Corporations Act. As such, it is subject to regular reporting and disclosure obligations which require it to disclose to ASX any information which it is or becomes aware of concerning the Company and which a reasonable person would expect to have a material effect on the price or value of the securities of the Company. The Company’s Shares are currently suspended and as such there is no current market price available.

9.5 INTERESTS OF EXPERTS AND ADVISERS

(a) No Interest Except as Disclosed

Other than as set out in this **Section 9.5** or elsewhere in the Prospectus, no expert, 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, nor any firm in which any of those persons is or was a partner nor any company in which any of those persons is or was associated with has, within 2 years before lodgement of the Prospectus with ASIC:

- had any interest in the formation or promotion of the Company or in any property acquired or proposed to be acquired by the Company in connection with its formation or promotion or in connection with the Offers; and
- not recorded any amounts or benefits or has not agreed to be paid benefits for services rendered by such persons in connection with the formation or promotion of the Company or the Offers.

(b) Legal Advisor

Price Sierakowski Corporate has acted as legal advisor to the Company. In addition, Price Sierakowski Corporate has performed other legal work in relation to the reconstruction of the Company over the last 12 months, including the preparation of the Notice of General Meeting. Fees paid or payable to Price Sierakowski Corporate in respect of these services at the date of lodgement of this Prospectus are estimated to be approximately \$150,000 plus GST.

Additional legal fees in relation to this Prospectus or otherwise in connection with the reconstruction or relisting of the Company may be incurred by the Company subsequent to the lodgement of this Prospectus and will be charged at Price Sierakowski Corporate’s normal hourly rates.

(c) Corporate Advisor

Trident Capital has acted as corporate advisor to the Company. Trident Capital has also performed other work in relation to the reconstruction of the Company over the last 12 months including management of the recapitalisation process and preparation of documentation required as part of the recapitalisation process. Fees payable to Trident Capital are estimated to be approximately \$150,000 plus GST. Fees payable to Trident Capital have been charged in accordance with their normal rates.

(d) Investigating Accountant

BDO Corporate Finance (WA) Pty Ltd has prepared the Investigating Accountant’s Report for this Prospectus. For work performed in this respect, BDO Corporate

Finance (WA) Pty Ltd is to receive approximately \$10,000 plus GST. BDO Corporate Finance (WA) Pty Ltd did not perform any other work in relation to the reconstruction of the Company. Fees payable to BDO Corporate Finance (WA) Pty Ltd have been charged in accordance with their normal hourly rates.

(e) Auditor

BDO Audit (WA) Pty Ltd remains as the Company's auditor and will be paid for these services on normal commercial rates.

(f) Share Registry

Advanced Share Registry Services remains the Company's Share Registry and will be paid for these services on normal commercial rates.

9.6 CONSENTS

The following written consents have been given in accordance with the Corporations Act with respect to the issue of this Prospectus in both paper and electronic form:

(a) Price Sierakowski Corporate

Price Sierakowski Corporate has given, and has not before lodgement of this Prospectus withdrawn, its written consent to be named in this Prospectus as legal advisor in respect of the Offers in the form and context in which it is included. Price Sierakowski Corporate has not authorised or caused the issue of this Prospectus and does not take any responsibility for any part of this Prospectus other than any references to it.

(b) BDO Corporate Finance (WA) Pty Ltd

BDO Corporate Finance (WA) Pty Ltd has given, and has not before lodgement of this Prospectus withdrawn, its written consent to be named in this Prospectus as investigating accountant and to the inclusion of the Investigating Accountant's Report in **Section 7** of this Prospectus in the form and context in which it is included, together with all references to it and to that report in this Prospectus. BDO Corporate Finance (WA) Pty Ltd has not authorised or caused the issue of this Prospectus and does not take any responsibility for any part of this Prospectus other than its report and any references to it.

(c) Trident Capital

Trident Capital has given, and has not before lodgement of this Prospectus withdrawn, its written consent to be named in this Prospectus as corporate advisor in the form and context in which it is included, together with all references to it in this Prospectus. Trident Capital has not authorised or caused the issue of this Prospectus and does not take any responsibility for any part of this Prospectus other than the references to it.

(d) Advanced Share Registry Services

Advanced Share Registry Services has given, and has not before lodgement of this Prospectus withdrawn, its written consent to be named in this Prospectus as the Share Registry in the form and context in which it is named, together with all references to it in this Prospectus. Advanced Share Registry Services has not had

any involvement in the preparation of any part of this Prospectus other than being named as Share Registry. Advanced Share Registry Services has not authorised or caused the issue of this Prospectus and does not take any responsibility for any part of this Prospectus other than the references to it.

(e) BDO Audit (WA) Pty Ltd

BDO Audit (WA) Pty Ltd has given, and has not before lodgement of this Prospectus withdrawn, its written consent to be named in this Prospectus in the form and context in which it is named, together with all references to it in this Prospectus. BDO Audit (WA) Pty Ltd has not had any involvement in the preparation of any part of this Prospectus other than being named as Auditor. BDO Audit (WA) Pty Ltd has not authorised or caused the issue of this Prospectus and does not take any responsibility for any part of this Prospectus other than the references to it.

(f) Others

There are a number of persons referred to elsewhere in this Prospectus who have not made statements included in this Prospectus nor are there any statements made in this Prospectus on the basis of any statements made by those persons. These persons did not consent to being named in this Prospectus and did not authorise or cause the issue of this Prospectus.

9.7 EXPENSES OF THE OFFERS

The expenses of the Offers are expected to comprise the following estimated costs and are exclusive of any GST payable by the Company.

Expenses of the Offers and Recapitalisation Proposal	Minimum Subscription	Maximum Subscription
Corporate Advisory fees	\$150,000	\$150,000
Legal fees	\$150,000	\$150,000
Investigating Accountant's fees	\$10,000	\$10,000
Audit, Accounting and Tax	\$25,000	\$25,000
ASIC fees	\$2,500	\$2,500
ASX fees	\$10,760	\$10,760
Other Costs	\$20,000	\$20,000
Commissions associated with Public Offer @ 6%	\$120,000	\$150,000
Total Estimated Expenses	\$488,260	\$518,260

9.8 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 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 Forms. If you have not, please contact the Company (care of Trident Capital) at (08) 6211 5099 and the Company will send you, free of charge, either a hard copy or a further electronic copy of the Prospectus or both. Alternatively, you may obtain a copy of the Prospectus from the Company's website at www.cellaquaculture.com.au.

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.

9.9 LITIGATION

To the Directors' knowledge there is no litigation against the Company or initiated by the Company as at the date of this Prospectus other than in relation to the dispute with the Terengganu State Government referred to in **Section 6.3(b)(i)**.

9.10 TAXATION

It is the responsibility of all persons to satisfy themselves of the particular taxation treatment that applies to them in relation to the Offers, by consulting their own professional tax advisers. Neither the Company nor any of its Directors or officers accepts any liability or responsibility in respect of the taxation consequences of the matters referred to above.

10. DIRECTORS' AUTHORISATION

The Prospectus is issued by the Company and its issue has been authorised by a resolution of the Directors.

In accordance with Section 720 of the Corporations Act, each Director has consented to the lodgement of this Prospectus with ASIC and has not withdrawn that consent.

Signed for and on behalf of the Company on 27 June 2013.

A handwritten signature in black ink, appearing to read 'P. Price', written over a horizontal line.

Paul Price
Director
Cell Aquaculture Limited

11. DEFINITIONS

Definitions used in this Prospectus are as follows:

Administrators means David Ashley Norman Hurt and Christopher Michael Williamson of WA Insolvency Solutions, Level 10, 111 St. Georges Terrace, Perth, Western Australia in their capacity as administrators of the Company.

Applicant means an applicant for Shares under the Offers.

Application Form means a Public Application Form and/or a Sophisticated Investor Application Form, as the context requires.

Application Monies means the amount of money in dollars and cents payable for Shares pursuant to this Prospectus.

ASIC means Australian Securities and Investments Commission.

ASX Listing Rules means the official listing rules of ASX from time to time.

ASX means ASX Limited ABN 98 008 624 691 operating as the Australian Securities Exchange.

AUD or **\$** means Australian dollars. All amounts in this prospectus are in Australian dollars unless stated.

Board means the Board of Directors of the Company from time to time.

CHESS means ASX Clearing House Electronic Sub-register System.

Chairman means the chairman of the Company.

Closing Date means the indicative date of 5 August 2013 or such other date as the Company may determine.

Company or **Cell Aquaculture** means Cell Aquaculture Limited (ACN 091 687 740).

Constitution means the constitution of the Company.

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

Creditor means any person or company who has a claim against the Company pursuant to the DOCA.

Creditors' Trust means the trust formed for the benefit of the Creditors following effectuation of the DOCA pursuant to the terms of the Creditor's Trust Deed.

Creditors' Trust Deed means the creditors' trust deed executed on 26 February 2013 between the Trustees and the Company, as summarised in **Section 9.1(b)**.

Director means a director of the Company.

DOCA means the Deed of Company Arrangement executed on 26 February 2013 between the Company, Trident and the Administrators, as summarised in **Section 9.1(a)**.

Existing Shares means the Shares in the Company on issue at the date of this Prospectus.

Exposure Period means the period of 7 days after the date of lodgement of the Prospectus, which period may be extended by ASIC by not more than 7 days pursuant to Section 727(3) of the Corporations Act.

FAO means the Food and Agriculture Organization of the United Nations.

General Meeting means the general meeting of Shareholders held on 18 June 2013 as summarised in **Section 6.1(e)**.

Maximum Subscription means the raising of \$2,500,000 by the acceptance of 250,000,000 Shares at \$0.01 each pursuant to the Public Offer.

Minimum Subscription means the raising of \$2,000,000 by the acceptance of 200,000,000 Shares at \$0.01 each pursuant to the Public Offer.

Notice of General Meeting means the notice of general meeting of the Company detailing the terms of the Offers and resolving the issue of Shares under this Prospectus lodged with ASX on 20 May 2013.

Offers means the Public Offer and the Sophisticated Investor Offer.

Opening Date means the first date for receipt of completed Application Forms which is 9:00am WST on 5 July 2013 or other such date and time as the Directors determine.

Prospectus means this prospectus dated 27 June 2013.

Public Offer means the offer of 250,000,000 Shares at \$0.01 per Share pursuant to this Prospectus.

Public Application Form means the Application Form attached to and forming part of this Prospectus at **Section 12**.

Recapitalisation Proposal means the proposal for the recapitalisation of the Company approved by Shareholders at the General Meeting as described in **Section 6.1(e)** of this Prospectus.

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

Shareholder means a holder of Shares.

Share Registry means Advanced Share Registry Limited ACN 127 175 946.

Sophisticated Investor means the following entities who are entitled to apply for the following amounts of Shares under the Sophisticated Investor Offer:

- (a) 16,000,000 Shares to Trident Capital (and/or its nominees);
- (b) 2,000,000 Shares to KC Ong (and/or his nominees);
- (c) 2,000,000 Shares to Richard Soo (and/or his nominees);
- (d) 12,000,000 Shares to John Clinton (and/or his nominee);

- (e) 4,000,000 Shares to Teo Family (and/or its nominee);
- (f) 10,000,000 Shares to RZ Capital Pte Ltd (and/or its nominee);
- (g) 10,000,000 Shares to Precise Network Limited (and/or its nominee);
- (h) 4,000,000 Shares to Peng Jin (and/or his nominee);
- (i) 2,000,000 Shares to Bai Zhi Yuan (and/or his nominee);
- (j) 2,000,000 Shares to Wang Min Jian (and/or his nominee);
- (k) 12,000,000 Shares to Chen Fei (and/or his nominee);
- (l) 10,000,000 Shares to Chan Ho Yin (and/or his nominee);
- (m) 12,000,000 Shares to Chen Ying Hua (and/or his nominee); and
- (n) 2,000,000 Shares to Ang Siok Kooi (and/or his nominee).

Sophisticated Investor Offer means the offer of 100,000,000 Shares to Sophisticated Investors under this Prospectus, pursuant to the terms of the Notice of General Meeting.

Sophisticated Investor Application Form means the Application Form attached to and forming part of this Prospectus at **Section 13**.

Trident Capital means Trident Capital Pty Ltd ACN 100 561 733.

Trustees means David Ashley Norman Hurt and Christopher Michael Williamson of WA Insolvency Solutions, Level 10, 111 St. Georges Terrace, Perth, Western Australia in their capacity as trustees of the Creditors' Trust.

WST means Western Standard Time in Australia.

12. PUBLIC APPLICATION FORM

PUBLIC APPLICATION FORM AND INSTRUCTIONS

Cell Aquaculture Ltd (ACN 091 687 740)

Please read all instructions on the reverse of this form

A Number of Shares applied for
(Minimum of 200,000 Shares then multiples of 100,000 Shares)

A\$

at \$0.01 per Share

You may be allocated all of the Shares above or a lesser number

B Total amount Payable by cheque(s) for Shares

C Full name details, title, given name(s) (no initials) and surname or Company name

Name of Applicant 1

Name of applicant 2 or <Account Designation>

Name of applicant 3 or <Account Designation>

E Write Your Full Postal Address Here
Number/Street

Suburb/Town

G Chess HIN (if applicable)

H Cheque payment details please fill out your cheque details and make your cheque payable to "Cell Aquaculture Ltd – Subscription Account"

Drawer	Cheque Number	BSB Number	Account Number	Total amount of cheque
				\$

I You should read the Prospectus dated 27 June 2013 carefully before completing this Offer Application Form. The Corporations Act prohibits any person from passing on this Offer Application Form (whether in paper or electronic form) unless it is attached to or accompanies a complete and unaltered copy of the Prospectus and any relevant supplementary prospectus (whether in paper or electronic form).

I/We declare that:

- (a) this Application is completed according to the declaration/appropriate statements on the reverse of this form and agree to be bound by the constitution of Cell Aquaculture Ltd; and
- (b) I/we have received personally a copy of this Prospectus accompanied by or attached to the Offer Application Form or a copy of the Offer Application Form or a direct derivative of the Offer Application Form, before applying for Shares.

Return of the Offer Application Form with your cheque for the Application Monies will constitute your offer to subscribe for Shares in the Company. Please note that the Company will not accept electronic lodgement of Offer Application Forms or electronic funds transfer.

Share Registrars Use Only

Broker reference – Stamp only

Broker Code

Adviser Code

D Tax File Number(s)
Or exemption category

F Contact Details
Contact Name

Contact daytime telephone Number

State/postcode

Guide to the Public Application Form

This Application Form relates to the offer of Shares in Cell Aquaculture Ltd pursuant to the Prospectus dated 27 June 2013. The expiry date of the Prospectus is the date which is 13 months after the date of the Prospectus. The Prospectus contains information about investing in the Shares of Cell Aquaculture Ltd and it is advisable to read this document before applying for Shares. A person who gives another person access to this Application Form must at the same time and by the same means give the other person access to the Prospectus, and any supplementary prospectus (if applicable), and an Application Form on request and without charge.

Please complete all the relevant sections of the Application Form using BLOCK LETTERS. These instructions are cross referenced to each section of the Application Form. Further particulars in the correct forms of registrable titles to use on the Application Form are contained in the table below.

- A Insert the number of Shares you wish to apply for. The Application must be for a minimum of 200,000 Shares and thereafter in multiples of 100,000 Shares.
- B Insert the relevant account Application Monies. To calculate your Application Monies, add the number of Shares applied for multiplied by \$0.01.
- C Write the full name you wish to appear on the statement of shareholdings. This must be either your own name or the name of the Company. Up to three joint Applicants may register. You should refer to the table below for the correct forms of registrable title. Applicants using the wrong form of title may be rejected. Clearing House Electronic Sub-Register System (CHES) participants should complete their name and address in the same format as that presently registered in the CHES system.
- D Enter your Tax File Number (TFN) or exemption category. Where applicable please enter the TFN for each joint Applicant. Collection of TFNs is authorised by taxation laws. Quotation for your TFN is not compulsory and will not affect your Application.
- E Please enter your postal address for all correspondence. All communications to you from the Shares Registry will be mailed to the person(s) and address as shown. For Joint Applicants, only one address can be entered.
- F Please enter your telephone number(s), area code, email address and contact name in case we need to contact you in relation to your Application.
- G Cell Aquaculture Ltd will apply to the ASX to participate in CHES, operated by ASX Settlement and Transfer Corporation Pty Ltd, a wholly owned subsidiary of ASX Limited. In CHES, the Company will operate an electronic CHES subregister of securities holdings and an electronic issuer sponsored subregister of securities holdings. Together the two subregisters will make up the Company's principal register of securities. The Company will not be issuing certificates to applicants in respect of securities allotted.

If you are CHES participant (or are sponsored by a CHES participant) and you wish to hold securities allotted to you under this Application in uncertified form on the CHES subregister, complete Section G or forward your Application Form to your sponsoring participant for completion of this section prior to lodgement. Otherwise, leave Section G blank and on allotment, you will be sponsored by the Company and an SRN will be allocated to you. For Further information refer to the relevant section of the Prospectus.

- H Please complete cheque details as requested.

Make your cheque payable to "Cell Aquaculture Ltd – Trust Account" in Australian currency and cross it "Not Negotiable" Your cheque must be drawn on an Australian Bank, and the amount should agree with the amount shown in section B.

Sufficient cleared funds should be held in your account, as cheques returned unpaid are likely to result in your Application being rejected.

- I Before completing the Application Form the Applicant(s) should read the Prospectus to which the Application relates. By lodging the Application Form, the Applicant(s) agrees that this Application is for shares in Cell Aquaculture Ltd upon and subject to the terms of this Prospectus, and agrees to take any number of Shares equal to or less than the number of Shares indicated in Section A that may be allotted to the Applicant(s) pursuant to the Prospectus and declares that all details and statements made are complete and accurate. It is not necessary to sign the Application Form.

Lodgement of Applications: Return your completed Application Form with cheque(s) attached to:

Delivered to: Cell Aquaculture Ltd c/- Trident Capital Level 24, St Martins Tower 44 St Georges Terrace PERTH WA 6000	Posted to: Cell Aquaculture Ltd c/- Trident Capital PO Box Z5183 St Georges Terrace PERTH WA 6831
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Application Forms must be received no later than the 5 August 2013 which may be changed immediately after the Opening Date at any time at the discretion of the Company

Correct form of Registrable Title

Note that only legal entities are allowed to hold Shares and Options. Applications must be in the name(s) of a natural person(s), companies or other legal entities acceptable to Cell Aquaculture Ltd. At least one full given name and the surname are required for each natural person. The name of the beneficiary or any other non-registrable title may be included by way of an account designation if completed exactly as described in the example of correct forms of registrable title below:

Type of Investor	Correct form of Registrable Title	Incorrect form of Registrable Title
Individual - Use Names in full, no initials	Mr John Alfred Smith	JA Smith
Minor (a person under the age of 18) Use the name of a responsible adult, do not use the name of a minor.	John Alfred Smith <Peter Smith>	Peter Smith
Company - Use Company title, not abbreviations	ABC Pty Ltd	ABC P/L ABC Co
Trusts - Use trustee(s) personal name(s), do not use the name of the trust	Mrs Sue Smith <Sue Smith Family A/C>	Sue Smith Family Trust
Deceased Estates - Use executor(s) person name(s), do not use the name of the deceased	Ms Jane Smith <Est John Smith A/C>	Estate of Late John Smith
Partnerships - Use partners personal names, do not use the name of the partnership	Mr John Smith & Mr Michael Smith <John Smith and Son A/C>	John Smith and Son

13. SOPHISTICATED INVESTOR APPLICATION FORM

SOPHISTICATED INVESTOR APPLICATION FORM AND INSTRUCTIONS Cell Aquaculture Ltd (ACN 091 687 740)

Please read all instructions on the reverse of this form

A Number of Shares applied for

B Full name details, title, given name(s) (no initials) and surname or Company name

Name of Applicant 1

Name of applicant 2 or <Account Designation>

Name of applicant 3 or <Account Designation>

D Write Your Full Postal Address Here
Number/Street

Suburb/Town

F Chess HIN (if applicable)

G You should read the Prospectus dated 27 June 2013 carefully before completing this Offer Application Form. The Corporations Act prohibits any person from passing on this Offer Application Form (whether in paper or electronic form) unless it is attached to or accompanies a complete and unaltered copy of the Prospectus and any relevant supplementary prospectus (whether in paper or electronic form).

I/We declare that:

- (a) this Application is completed according to the declaration/appropriate statements on the reverse of this form and agree to be bound by the constitution of Cell Aquaculture Ltd; and
- (b) I/we have received personally a copy of this Prospectus accompanied by or attached to the Offer Application Form or a copy of the Offer Application Form or a direct derivative of the Offer Application Form, before applying for Shares.

Return of the Offer Application Form with your cheque for the Application Monies will constitute your offer to subscribe for Shares in the Company. Please note that the Company will not accept electronic lodgement of Offer Application Forms or electronic funds transfer.

Share Registrars Use Only

Broker reference – Stamp only

Broker Code

Adviser Code

C Tax File Number(s)
Or exemption category

E Contact Details
Contact Name

Contact daytime telephone Number

State/postcode

Guide to the Sophisticated Investor Application Form

This Application Form relates to the offer of Shares in Cell Aquaculture Ltd pursuant to the Prospectus dated 27 June 2013. The expiry date of the Prospectus is the date which is 13 months after the date of the Prospectus. The Prospectus contains information about investing in the Shares of Cell Aquaculture Ltd and it is advisable to read this document before applying for Shares. A person who gives another person access to this Application Form must at the same time and by the same means give the other person access to the Prospectus, and any supplementary prospectus (if applicable), and an Application Form on request and without charge.

Please complete all the relevant sections of the Application Form using BLOCK LETTERS. These instructions are cross referenced to each section of the Application Form. Further particulars in the correct forms of resistible titles to use on the Application Form are contained in the table below.

- A Insert the number of Shares you wish to apply for.
- B Write the full name you wish to appear on the statement of shareholdings. This must be either your own name or the name of the Company. Up to three joint Applicants may register. You should refer to the table below for the correct forms of registrable title. Applicants using the wrong form of title may be rejected. Clearing House Electronic Sub-Register System (CHES) participants should complete their name and address in the same format as that presently registered in the CHES system.
- C Enter your Tax File Number (TFN) or exemption category. Where applicable please enter the TFN for each joint Applicant. Collection of TFNs is authorised by taxation laws. Quotation for your TFN is not compulsory and will not affect your Application.
- D Please enter your postal address for all correspondence. All communications to you from the Shares Registry will be mailed to the person(s) and address as shown. For Joint Applicants, only one address can be entered.
- E Please enter your telephone number(s), area code, email address and contact name in case we need to contact you in relation to your Application.
- F Cell Aquaculture Ltd will apply to the ASX to participate in CHES, operated by ASX Settlement and Transfer Corporation Pty Ltd, a wholly owned subsidiary of ASX Limited. In CHES, the Company will operate an electronic CHES subregister of securities holdings and an electronic issuer sponsored subregister of securities holdings. Together the two subregisters will make up the Company's principal register of securities. The Company will not be issuing certificates to applicants in respect of securities allotted.

If you are CHES participant (or are sponsored by a CHES participant) and you wish to hold securities allotted to you under this Application in uncertified form on the CHES subregister, complete Section G or forward your Application Form to your sponsoring participant for completion of this section prior to lodgement. Otherwise, leave Section F blank and on allotment, you will be sponsored by the Company and an SRN will be allocated to you. For Further information refer to the relevant section of the Prospectus.

- G Before completing the Application Form the Applicant(s) should read the Prospectus to which the Application relates. By lodging the Application Form, the Applicant(s) agrees that this Application is for shares in Cell Aquaculture Ltd upon and subject to the terms of this Prospectus, and agrees to take any number of Shares equal to or less than the number of Shares indicated in Section A that may be allotted to the Applicant(s) pursuant to the Prospectus and declares that all details and statements made are complete and accurate. It is not necessary to sign the Application Form.

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Delivered to: Cell Aquaculture Ltd c/- Trident Capital Level 24, St Martins Tower 44 St Georges Terrace PERTH WA 6000	Posted to: Cell Aquaculture Ltd c/- Trident Capital PO Box Z5183 St Georges Terrace PERTH WA 6831
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Application Forms must be received no later than the 5 August 2013 which may be changed immediately after the Opening Date at any time at the discretion of the Company

Correct form of Registrable Title

Note that only legal entities are allowed to hold Shares and Options. Applications must be in the name(s) of a natural person(s), companies or other legal entities acceptable to Cell Aquaculture Ltd. At least one full given name and the surname are required for each natural person. The name of the beneficiary or any other non-registrable title may be included by way of an account designation if completed exactly as described in the example of correct forms of registrable title below:

Type of Investor	Correct form of Registrable Title	Incorrect form of Registrable Title
Individual - Use Names in full, no initials	Mr John Alfred Smith	JA Smith
Minor (a person under the age of 18) Use the name of a responsible adult, do not use the name of a minor.	John Alfred Smith <Peter Smith>	Peter Smith
Company - Use Company title, not abbreviations	ABC Pty Ltd	ABC P/L ABC Co
Trusts - Use trustee(s) personal name(s), do not use the name of the trust	Mrs Sue Smith <Sue Smith Family A/C>	Sue Smith Family Trust
Deceased Estates - Use executor(s) person name(s), do not use the name of the deceased	Ms Jane Smith <Est John Smith A/C>	Estate of Late John Smith
Partnerships - Use partners personal names, do not use the name of the partnership	Mr John Smith & Mr Michael Smith <John Smith and Son A/C>	John Smith and Son