2nd September 2014

Company Announcements Office
Australian Securities Exchange
10th Floor
20 Bond Street
SYDNEY, NSW 2000.

Dear Sir,

Progress Update on the Haikou Free Trade Zone Project

On 18th March 2014, Cell Aquaculture Ltd ("**the Company**") announced the execution of a Heads of Agreement with the Vendors, Noble Rate Limited, Tang Dashun and Beijing Properties (Holdings) Limited, to acquire 100% of the rights and title to two projects; one of these being, the Haikou Free Trade Zone Project on Hainan Island, China ("**the Haikou Project**").

On 10th June 2014, the Company announced the execution of formal Share Sale Agreements with each Vendor.

This announcement is to be read in conjunction with the Company announcements released on the 18th March 2014, 10th April 2014, 27th May 2014, 10th June 2014, 26th June 2014 and 8th August 2014.

THE HAIKOU PROJECT

Haikou Peace Base Industry Development Co. Ltd ("**HPB**") is the legal and beneficial owner of the Haikou Project and is owned by entities legally and beneficially owned by the Vendors. HPB is responsible for the construction and operation of the Haikou Project.

The Haikou Project will contain the following buildings:

1. One commercial and administrative centre with a total built up area of approximately 6,080m^2;
2. Three factory buildings of various sizes with a total built up area of approximately 17,887m^2;
3. Four bonded warehouses of various sizes with a total built up area of approximately 41,115m^2; and
4. One exhibition centre with a total built up area of approximately 22,083m^2.

Cell Aquaculture Ltd
ACN 091 687 740
Level 24,44 St George's Terrace
Perth, Western Australia, 6000
Phone: (08) 6211 5099
Fax: (08) 9218 8875
ASX Code: CAQ

Progress of Construction

Commercial and Administrative Centre
As at 2nd September 2014, the main construction of the basement, first, second, third and fourth floors has been completed. The fifth floor of the Centre is currently undergoing construction.

Factories
As at 2nd September 2014, main construction of the first, second and third floors has been completed for all three factories. The masonry works of the first floor of each factory is currently in progress.

Bonded Warehouses
As at 2nd September 2014, foundation inspection, piling inspection and bedding construction of all four warehouses has been completed. All four warehouses are currently undergoing the construction of its interlayers.

Exhibition Centre
As at 2nd September 2014, construction of the basement has been completed. The first floor is currently undergoing construction.

The overall progress summary for the construction of each building structure is as follows:

Building	% Construction Completed
Commercial and Administrative Centre	60%
Factories	60%
Warehouses	57%
Exhibition Centre	50%

Licenses, Permits and Approvals

As of the 2nd September 2014, HPB had received the following licences, permits and approvals:

1. The *Planning Permit of Construction Engineering;*
2. The Land Use Certificate for the entire plot on which the project is situated;
3. Approval of the designs of all the warehouses and buildings by the Hainan Centre for Verification and Examination of Construction Drawing;
4. The Qualification license which allows for import and export services; and
5. The business license for the project with a special business scope of processing and selling of diamond, jewellery and gold.

Lease Commitments

As at 2nd September 2014, HPB has signed several lease agreements for the entire Commercial and Administrative Centre and for portions of the Factories, Bonded Warehouses and Exhibition Centre. HPB is currently in negotiations with interested parties to secure further lease commitments.

A summary of the approximate lease commitments is as follows:

Building	Approximate Total Built Up Area (m^2)	Approximate Area of Lease Commitment Obtained (m^2)	Approximate Area of Lease Under Negotiations (m^2)	Approximate Area Vacant (m^2)
Commercial and Administrative Space	6,080	6,080	-	-
Factory Space	17,887	12,887	5,000	-
Warehouses	41,115	20,000	-	21,115
Exhibition Centre	22,083	10,000	-	12,083
Total	**87,164**	**48,967**	**5,000**	**33,198**

Moving Forward

HPB is committed to completing the construction of the Haikou Project with an expected date of November 2014.

Deborah Ho
Company Secretary

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