AquaCarotene Limited

ACN 074 969 056

Natural Culture

Suite 7/95 Hay Street
Subiaco WA 6008
PO Box 335
West Perth WA 6782

Email: admin@aquacarotene.com

Telephone: (61 8) 9389 8799
Facsimile: (61 8) 9389 8327

IF YOU FAIL TO RECEIVE ANY OF THIS INFORMATION PLEASE TELEPHONE IMMEDIATELY ON (61 8) 9389 8799

DATE: 18/12/02

TO: ASX

FACSIMILE NO: 1300 300 021

FROM: DAVID MCARTHUR

RE:

NUMBER OF PAGES (INCLUDING THIS PAGE): 3

We attach a notice of meeting and shareholder newsletter today posted to all shareholders.

David McArthur
Company Secretary

Aqua**Carotene** Limited

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Fax: (08) 9388 2748

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18 December 2002

Dear Shareholder

Due to confusion surrounding certain aspects of the Annual General Meeting held on 28 November 2002, the meeting was adjourned by the Chairman until 27 February 2003.

The Directors have now determined that is appropriate to reconvene the Meeting at an earlier date. The Meeting will now reconvene at 10:00 am, Thursday, 30 January 2003, at *The Western Australian Club*, Honeywell Suite, Level 1, 101 St Georges Terrace, Perth.

Shareholders with any queries should contact the writer on 9389 8799, or Mr Don Smith, the Company's Managing Director, on 9382 1222.

Yours faithfully

DAVID McARTHUR
Company Secretary

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Dear Shareholder

It is with pleasure that I provide you with this update in relation to the recent activities of your Company.

CORPORATE:

The Chairman, Mr Sydney Chesson, has resigned from the Company. May we take the opportunity to extend our best wishes for the future and acknowledge the contribution of the Company's foundation chairman.

The Company Secretary, Mr Simon Chesson has resigned and has been replaced by Mr David McArthur. David is a chartered accountant and has approximately 20 years experience in corporate governance and the Company is pleased to make this appointment.

Director Mr Doug Wood has accepted the appointment as a Director of the Company. He brings with him 25 years of commercial experience of involvement with public companies. Mr Wood is a Chartered Accountant.

New Chairman The Company is currently considering possible options and expects to make an appointment in the near future. The Company considers the appointment to be a most vital and important decision and will endeavor to bring forward a person who will provide leadership to take the Company forward into commercialisation of its product.

OPERATIONS:

Downstream production The processes associated with the initial stage 2% Oil Product have been commissioned and are ready for product throughput. Some of these processes have been commissioned with actual product flows and others with water to give comfort that the pumps, heating duty, operating-pressures, pipe-work and controls, function as expected. There may be only minor modifications required.

It is expected that in early January the Company will commence final product commissioning of the initial production stage from which the marketing samples will be prepared and dispatched shortly thereafter.

There is a small capital funding required for some of the remaining minor items of plant and equipment, which will improve efficiency and product-handling throughout the Plant.

Soil conditioning material – Karratha On its more recently acquired Leases, it appears that there is a supply of gravel and sand of commercial value for recovery. It is currently being investigated as to its commercial value with a current application before the Town of Karratha for approval to recover. The Company will communicate to shareholders once the results of these applications are finalized. With the Project's major developments planned in Karratha, the Company considers the economic returns a significant opportunity not originally anticipated.

FINANCIAL:

Placement balance of allotment The "new AquaCarotene Limited Board" expects to confirm the allotment of the balance of placement announced in June 2003 prior to the end of the month. This will further assist the Company to meet its current day-to-day requirements and to assist completion of the initial stage of production in the downstream process. A separate announcement will be made as to the allotment in due course.

Expiring options, January 2003 Shareholders are reminded that the Company's options expire 31 January 2003 with the a 5 cent exercise price. The Company would be appreciative for any support that is available for the exercising of options held by shareholders.

The New AquaCarotene Limited Team would like to acknowledge the patience and support given by shareholders during the last 12 months. There are still challenges that are confronting the Company, however, management is confident of the future development of the Company as it moves into the commercial phase.

The Board of Directors expresses personal wishes to all shareholders for a **Merry Christmas and a happy and prosperous New Year and all the very best for 2003.**