

CHAIRMAN'S REPORT TO THE AGM OF CELL AQUACULTURE LTD

FRIDAY 24th NOVEMBER 2006

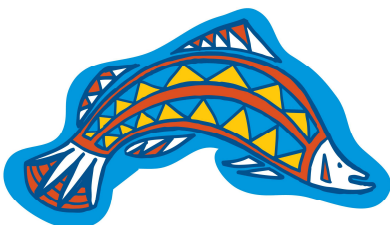
A significant event occurred in June with the appointment of a new MD, Geoff Wilton, who is chartered to drive the business forward. Geoff takes over the role from former MD and company founder Perry Leach during a period of significant change requirement.

Since Geoff Wilton has been on board, a significant time has been spent on developing the structure of the business and detailing and implementing new management processes. The Governance of a Public Listed Company is a far cry from that of the former private company structure of Cell and the MD and Board have ensured that the required reporting and compliance obligations have been introduced into the business process

The Board appointed Deloitte as its business consultant to facilitate a number of strategic planning sessions with the view to developing a structured Business Plan and associated documents to guide the company forward. This initiative has been achieved and the future expansion is well mapped and inline with the Board's strategic vision.

The Board has identified several options to raise additional investment and working capital to enable further expansion; in particular in Europe, Asia and the US.

The Board has now requested that management research these options and report on the suitability of such as a matter of priority at its next meeting



We have seen during the past few months an effort by the MD and management to focus on the structure of the business, its cost base, the resources available, the man power numbers and the lease arrangements on capital.

All of these initiatives have now put the Company in a strong position to advance the projects that we have recently reported to shareholders via the ASX over the past few months.

I will leave further detailed comment on these initiatives to Geoff Wilton.

Our joint venture in Holland was officially opened on November 1st with a number of invited officials and potential customers present for the ceremony and tasting fresh Barramundi. This facility is approaching full production and the first fish will be available prior to Christmas, providing a cash flow for this venture.

The facility in Centerville, Mississippi USA is nearing the completion of the first 50 tonne installation. Fingerlings from the nursery systems are currently being moved into the grow out facility.

We initiated a change of management of the facility in August 2006 and now feel there is a focused approach to the prompt completion of his facility.

We have received a confirmed order from a Bulgarian Public company for a 17.5 tonne facility, which recently progressed to a signed contract for the supply and installation. We expected to increase this to a 50 tonne plant facility in the very near future. Initial funds for the first stage have been received by the Company

We are in negotiations with the State Government of Terenganu in the Eastern Malaysia .This is an exciting development which could lead to a facility of up to 500 tonnes being

constructed over the next 24 months initial terms of the agreement were signed during a recent visit of Company officers to Malaysia last week.

We have during the year in review, constructed our own hatchery facilities at the James Cook University in Townsville in Queensland.

This equipment was built at our manufacturing facility at Malaga, just North of Perth. This facility is currently supplying fingerlings to our joint ventures around the world.

Robert Sewell