



ASX ANNOUNCEMENT

16th March 2006

Cell Aquaculture Ltd (ASX Code: CAQ)

SHAREHOLDER NEWSLETTER

Please find attached a copy of a company shareholder newsletter mailed to shareholders today.

A handwritten signature in black ink, appearing to read "Perryman Leach".

Perryman Leach
Managing Director
Cell Aquaculture Ltd

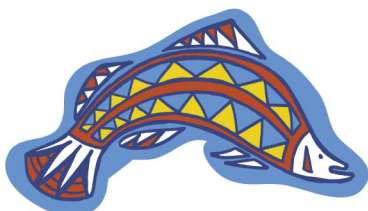
For further information on Cell Aquaculture please contact:

Perryman Leach
Managing Director
+61 (0) 417 023 999
info@cellaqua.com

Tom Murrell
8M Media & Communications
+61 (0) 417 984 996
tom@8mmedia.com

OR

visit www.cellaqua.com



CELL AQUACULTURE LTD. ABN 86 091 687 740
66 Bennett Avenue, Hamilton Hill, Western Australia, 6163
P.O. Box 251, South Fremantle, Western Australia, 6162
Telephone: +61 8 9336 7122 **Fax:** +61 8 9336 7111
E-mail: info@cellaqua.com **Website:** www.cellaqua.com

INSIDE CELL

INVESTOR NEWSLETTER MARCH '06

www.cellaqua.com

Welcome

Welcome to *Inside Cell*. Our aim is to keep you informed and updated on the latest developments, decisions and direction at Cell Aquaculture Limited (ASX: CAQ)

It has been a very busy and highly productive time for the company since listing on the Australian Stock Exchange in July 2005. We remain committed to our vision to supply a full range of environmentally sustainable sea food services to the world.

EUROPEAN OVERVIEW

Cell Aquaculture Are Now Operational In Europe

We are delighted to report that the company's initial European joint venture production facilities are now operational in Tolbert, the Netherlands.

The company's first batch of Australian Barramundi fingerlings (baby fish) was successfully shipped to the facility, arriving on Friday 3rd March with a nil mortality rate. Initial sales of Australian Barramundi to the European market are scheduled in the third quarter of 2006.

"This is a significant milestone for the company, proving our business model and providing yet another solid foundation block towards delivering our goal to internationally expand our unique 'Hatch to Dispatch' offerings to grow high quality premium fish, on the doorstep of major world markets, in a controlled, land based, environmentally sustainable manner," said Cell Aqua Chairman, Robert Sewell.

The Dutch operations, built to exacting specifications, will act as a fully functional and commercial 'Display Facility', offering an excellent sales tool to further penetrate the European market.



"Cell Aqua's first European Barra make a successful touchdown in Tolbert, the Netherlands"

Cell Aqua have now appointed their Dutch joint venture partner, Mr Harrie Rutgers, as the CEO of European operations. Mr. Rutgers has been a Project Management consultant with a strong background in Sales and Marketing. Mr. Rutgers is now in the process of establishing a sales operation to promote further European expansion.

The company is currently actively working towards the development of a number of further European facilities.

Barra - A Big Hit In Europe!

Cell Aquaculture has recently conducted a number of highly successful European promotions, yielding strong demand for our Australian Barramundi and generating awareness of the company.

Due to chronic overfishing, the European Union has made dramatic cut-backs to their commercial fishing fleets over the last number of years. This has created a large 'window of opportunity' for the introduction of new seafood species to the European market.

Cell Aqua European Media Promotion

In November 2005, Cell Aqua invited major European Seafood and Aquaculture media to a company presentation at the Dutch facilities in Tolbert (North Holland). This presentation was attended by over 15 journalists.



"Media visiting Cell's European production facilities"

The presentation was followed by an Australian Barramundi lunch prepared for the media by high profile 'Michelin Star' Chef, Jan Gaastra, at the prestigious Restaurant Koriander (www.dekoriander.nl), in Drachten, North Holland.

This promotion yielded over 10 European newspaper and magazine articles and also a television news story.

The high quality Cell Aqua product and positive media received has resulted in a number of large European Seafood buyers coming forward with offers to purchase **the entire Dutch production** at pricing greater than initially budgeted by Cell.

This is obviously a significant outcome for Cell Aqua, with planning now well advanced for further European expansion.

Barra Promotion at 400 Year Dutch/Australia Celebrations

2006 marks the 400th Anniversary of contact between Australia and the Netherlands.

In March 1606 the crew of the Duyfken, a Dutch East India Company ship under the command of Captain Willem Janszoon, landed on Cape York Peninsula becoming the first recorded Europeans to set foot on Australian soil.

To commemorate this monumental event, on 30th January 2006, a 'Royal Gala Dinner' was held at The Ridderzaal (Knight's Hall) in the centre of Government House in The Hague, Netherlands.

Cell Aquaculture attained the high profile honour of being a sponsor of this event and supplied Australian Barramundi for the set menu of more than 400 highly distinguished guests, including:

- Hon Prince of Orange & Hon Princess Maxima of the Netherlands
- Hon Princess Margriet
- Prime Minister of the Netherlands – Hon Dr Jan Peter Balkenende
- Australian Ambassador – Mr Stephen Brady
- Australian Foreign Minister – Alexander Downer MP

Participation in this event provided Cell Aquaculture with an unparalleled forum to promote both the company and Australian Barramundi to the influential and affluent market of the Netherlands, generating keen interest in Cell's offerings.



"Fine Cell Aqua Barra, fit for a King"

Cell Aqua Advancing Spanish Venture

Cell Aqua have now entered into a preliminary agreement and received deposit payment to finalise a feasibility study, with a view to proceeding with a Joint Venture production facility in Spain. The facility is intended to be located in close proximity to Madrid to supply the extremely high seafood consumption market of over 5.8 million people in the Madrid metropolitan area.

Seafood is a dietary mainstay in Spain, with an extremely long seafaring tradition. Spanish per capita seafood consumption is more than double Europe's average, with the Spanish consuming in excess of 2 million metric tonnes of seafood per annum. Approximately half of the seafood supplied to the Spanish market is caught by the Spanish fishing fleets, with the shortfall being made up by imported product. Research indicates that the consumer preference in the greater Madrid market is for fresh seafood products.

This highlights a tremendous opportunity for Cell Aquaculture in the Spanish market and favourable discussions have been entered into for a partner to become an Authorised Sales and Marketing Representative in Spain to promote further expansion.

United Kingdom on the Horizon

Cell Aquaculture are in advanced negotiations with a large syndicate to establish production in the United Kingdom.

Cell Aqua company representatives will be in the U.K. in the coming weeks to assess a number of production sites. There has been a strong indication of significant Grant Funding available for this venture.

AMERICAN OVERVIEW

Major Expansion into the Americas

Following extensive evaluations which commenced almost 12 months ago, the company proceeded towards the structuring and development of a major joint venture company (Delta Aquaculture Services LLC) in the United States to market Cell Aqua's unique 'Hatch to Dispatch' production offerings and all other associated aquaculture businesses into the major markets of North America, South America and Canada (the Americas).

Cell Aquaculture holds 50 per cent of the issued capital in Delta.

The formation of Delta brings together a unique diversified blend of experience and expertise, which has hatched a new marketing philosophy for the company. As well as marketing Cell Aqua's 'Hatch to Dispatch' aquaculture offerings, it is the intention of Delta to establish itself as a major player in the aquaculture industry in the Americas. Delta are currently assessing feasibility, but not limited to, the following aquaculture related businesses:

- Farming of a range of high order seafood species 'on the markets doorstep' to supply targeted Premium markets;
- Operators of fish farming hatcheries to supply not only the Delta network, but other lucrative markets for fingerling (baby fish) supply;
- Marketers and sellers of aquaculture and related equipment (Cell Aqua specialised equipment and others);
- Manufacturing of 'key' Cell Aqua equipment and potential development of new innovative aquaculture offerings;
- Aquaculture Consulting Services (Hatchery and Grow-out development);
- Development of new aquaculture production species;
- Marketing, branding and distribution of Premium seafood produce;
- Financing.

A major highlight of the Delta venture has been the alignment of Cell Aqua with the Kingston Group of Companies. This relationship will pave the way for significant future growth.

Who Are Kingston Companies ?

Established over 25 years, Kingston Companies is a private, family-owned group of companies controlled by David O. Kingston. Through Kingston & Associates Marketing LLC, Kingston is one of the largest distributors and marketers of produce products in the United States, with products including fresh potatoes, onions, lettuce, broccoli, tomatoes, green onions, string beans and sweet pineapples. Kingston & Associates Marketing LLC serves the wholesale foodservice industry and major restaurant chains. High quality products and superior customer service, a hallmark of the Kingston family of companies, is maintained through a network of

integrated companies, who own and operate farmland, own, operate and schedule transportation needs and provide other management services for its customers. Kingston Companies have offices in Idaho Falls, ID, Monterey, CA, McLean, VA, Liberty, MS, San Jose, Costa Rica, Lima, Peru and Gold River, BC.



“Perry Leach (Cell Aqua Managing Director) with Gary Olsen (President of RS&I Inc Satellite & Communications and partner in Delta Aquaculture)”

Delta Hatchery Acquisition

The Delta joint venture has recently acquired a fully operational hatchery in North America, which will generate a healthy source of cash flow for the company.

The newly acquired hatchery currently produces Red Drum fingerlings - a high quality white fleshed table fish, with strong demand and well accepted in the U.S. market. This hatchery acquisition will fast track Cell's expansion into the Americas.

The hatchery has now also been granted permission to import and grow-out Australian Barramundi fingerlings which will be flown in from Cell's Australian hatcheries.

Delta have also secured the services of Mr. Paul Picard to act as Hatchery Manager. Mr. Picard has had a successful career spanning over 16 years in the aquaculture industry and has profitably operated both Hatchery and Grow-out operations throughout the United States. A business of Mr. Picard's "AgriVentures" holds approval to cultivate and market 16 species of fish and he is also a shareholder in Delta.

North American 'Show Case' Facility

Delta have now also committed to establishing a large scale North American 'Display facility'. As well as providing a strong cash flow, once operational, this display will provide Delta with an extremely valuable marketing tool to promote further expansion in the Americas.

All relevant approvals are in place for this venture, all equipment has been manufactured in Perth and is currently being shipped to the United States.



“The U.S. Hatchery Operation”

AUSTRALIAN OVERVIEW

Development of Company Hatchery and R & D Facilities

Cell Aqua have finalised agreements with James Cook University in Townsville, for the establishment of a commercial hatchery and research and development facility to further advance new species development and supply fingerlings (baby fish) internationally. This will create a strong cash flow for the company.

What's New at the Hamilton Hill Site

Following the recent sale of the Hamilton Hill site for \$2.6 million and subsequent lease back, the additional capital from this transaction has been injected back into the company to accelerate growth.

Cell Aqua has now significantly upgraded facilities at the Hamilton Hill site to include a fully operational Nursery and commercial "Cell" production facility in building 2 for display and training purposes. This production facility will also provide a source of cash flow for the company. Building 1 has now been established as a dedicated Research and Development facility to make further advancements to the base technologies and investigate a full range of new aquaculture offerings.

Expansion of Cell Aqua's Fabrication and Manufacturing Facilities

Since listing, Cell Aqua has established commercial scale fabrication and manufacturing facilities at Malaga to supply specialised Cell Aquaculture production equipment to key world markets.

As a result of Cell Aqua's rapid expansion into the European, United States and Australian markets, the company has already had to expand its fabrication and manufacturing capabilities.



“The fabrication team busy at work”

A lease has now been taken on a second factory unit adjoining our existing production facility in Malaga, Western Australia to enable the fabrication team to keep up with supply.

Plants for Australia, Europe and America have all now been completed.

Cell Aqua are also currently assessing a number of further manufacturing opportunities in various parts of the world.

New Product Development to Capitalise on Australian Opportunities

Since listing, Cell Aqua have designed and developed a range of products tailored to the Australian marketplace. A Sales and Marketing Manager, Mr Dale Harris, has now been appointed for

Australia, to capitalise on market opportunities such as the Federal Government's announcement in November 2005 to spend \$220 million on buying back up to 50 per cent of Australian commercial fishing licenses, as a consequence of the over fishing of Australian waters. This will create significant market opportunities for Cell Aqua in the near future, generating quick cash flow for the company.

Cell are now actively promoting these offerings throughout Australia and anticipate strong sales performance. One avenue for promoting these offerings is aimed at existing farmers wishing to diversify from their traditional farming activities. Cell Aqua recently exhibited at a major agricultural trade show in Wagin, Western Australia, yielding very keen interest.



"Cell Aqua exhibiting at Wagin Woolarama Agriculture Show"

Presentation to the ASX

On Tuesday 7th March, Cell Aqua's new Chairman, Mr Robert Sewell was invited to give a presentation on the company to potential investment groups at the Australian Stock Exchange building in Perth.

You may download a 'Live' version of this presentation from the **"Investors"** section of our website: www.cellaqua.com

Cell in the Press

Cell has recently received some excellent media exposure. To see all the latest media coverage, refer to the **"Cell in the Press"** section of our website: www.cellaqua.com

Tell Your Friends

As you can see, we have been busy at Cell Aqua. If you like what we are doing, tell your friends to be a part of our international 'Hatch to Dispatch' expansion.

Any potential investors wishing to view our Hamilton Hill facilities can make an appointment with Peter Burns (Sales and Marketing Manager) and he would be delighted to show you how we take the risk out of growing fish, enabling production on any market's doorstep, in the most environmentally sustainable manner possible.

You can contact Peter on **(08) 9336 7122** or **0411 463 399** or pburns@cellaqua.com

Receive Inside Cell Electronically

Given that we are a very environmentally focused company, we would like to send you future editions of Inside Cell electronically. This will save trees **and** money.

You can subscribe on the homepage of our website: www.cellaqua.com or simply e-mail your name and e-mail address to pburns@cellaqua.com and we will add you to the electronic database.

Who's New at Cell



Mr Robert Sewell AM, FAICD – Chairman

Mr Sewell joined the board of Cell Aqua as non-executive Chairman in December 2005. Mr Sewell became a director of the Grain Pool of WA in 1978, serving as chairman from 1992 to 2002, where he led the merger with Co-operative Bulk Handling. Mr Sewell served as chairman of the merged entity for 18 months and remains a non-executive director of the CBH group of companies. Mr Sewell was awarded the member of the Order of Australia (AM) in 2004 for services to the grain industry and international marketing. Mr Sewell is a forward thinking business leader who recognises the potential of the aquaculture industry and is an invaluable addition to assist Cell Aqua realise its international potential.



Prof Rocky De Nys PhD (marine biology) GdipMgt, MRACI, CChem – non executive Director

Professor De Nys PhD is a marine biologist and one of the world's foremost authorities on aquaculture. He leads the internationally recognised aquaculture research and development centre at James Cook University in Queensland. Professor De Nys is also a director of Intaqt Pty Ltd, a Melbourne based marine biotechnology company, which has been consulting to Cell Aqua for several years. He has successfully led complex team based research programs in aquaculture, resulting in five international patents and over 70 internationally peer reviewed scientific publications.



Dr Leo Nankervis PhD – Manager of Hatchery Operations and Research & Development

Dr Nankervis has recently completed his PhD at James Cook University and is a specialist in Australian Barramundi. Leo is responsible for the management of Cell Aqua's hatchery operations and driving research & development programs for new species research and also advancements in the base Cell Aqua technologies. Leo has previously been actively involved in new species development programs throughout Australasia.



Mr Dale Harris BSc (hons Agriculture) – Manager Sales & Marketing Australasia

Dale has recently joined the Cell Aqua team and is responsible for Sales & Marketing in Australasia. He has a Bachelor of Science degree in Agriculture and is currently studying an MBA with a focus on marketing and international business relationships. Dale has extensive experience in marketing highly technical products to the intensive animal production industries in Australia, Asia and Latin America and brings strong sales experience to the team.