

INVESTOR UPDATE: 1 FEBRUARY 2011

The period since the last update has been the busiest and most successful period for the company in its history. The company completed a major clean up after the last winter storm and then embarked upon an aggressive restocking schedule. Major maintenance and sea cage infrastructure upgrades commenced in the spring and extended into the summer. The company now prepares to commence its first major harvesting program next month.

COMPANY STOCK

Over the spring months the company purchased an additional 200,000 larger sized juveniles (80mm and above) and placed these in 5 sea cages. These are growing very well in accordance with our plans and are expected to yield a harvest of around 30 tonnes in the autumn months of this year. Mortality of this stock is less than 2% per month on this stock. To date the performance of this stock is slightly exceeding our initial expectations and we are very encouraged that this stock result will reinforce our beliefs in the new business approach to seeding and husbandry operations.

In addition there has been plenty of work occurring on the stock that was seeded by the old administration in 2008. Despite the profile of this stock (poor growth rate and inefficient stocking density – a result of poor initial husbandry) the company has spent the last 3 months spreading this stock over spare cages, increasing the supplementary feed, extensive predator removal, surveying and measuring and general cage maintenance with the objective of achieving the maximum yield. Our analysis indicates that there are between 750,000 and 800,000 animals spread across 15 cages. Harvesting of these animals will commence in autumn and will extend into the winter. The current intention is for all of the 2008 stock in the cages will be harvested before the end of the winter. This stock is expected to yield between 80 and 100 tonnes. Growers and shareholders will be updated throughout and upon completion of the harvest programme.

As well as the stock above the company purchased another 1.3 million juvenile animals (20-25mm average) which were transferred in the winter and autumn of last year to the land grow out facility in Streaky Bay. These animals will be grown out to a size suitable (60mm +) for placing into the Elliston sea cages later this year – transfer is expected between winter and spring months.

INFRASTRUCTURE MAINTENANCE

Following the end of winter substantial maintenance schedules have been implemented to ensure grid security and net integrity. This involved replacement of grip ropes where necessary, repositioning of anchors and additional anchors for additional security on the grid and has been a major work schedule over the last few months. The work has included decommissioning of certain nets and relocating ring tops on the lease to best use our existing sea cage configuration.

The company purchased a 21m vessel in November 2010 to assist on site with the grid maintenance program. The benefits of this acquisition are now being fully realised as this vessel has been fully deployed to date and will be central to our harvesting program for lift cages, baskets and stock from the water.

The company has also purchased a second hand truck for stock transfers and a shark cage for diver security when inspecting the grid and anchors.

STRATEGIC INITIATIVES

AIL is well advanced in its discussions with a hatchery and grow out farm with a view to combining the business operations and provide the company with a fully integrated business whereby the production process is controlled from the hatchery through the grow-out on land and sea. This will provide the company with security of stock quality and quantity for its future production plans.

The company is also well progressed with plans for additional grids and cages on the Elliston lease site.

For the above initiatives to be fully realised the company will need to secure a significant cornerstone investor for the business. The company has been developing plans for this for over six months and believes it is well positioned to achieve further investment later this year.

MANAGEMENT AND WORKFORCE

Since the last report to investors, the company has appointed Stephan Schilling as the acting General Manager of the company operations. Stephan has had lengthy experience in the seafood industry in Australia in senior positions and has deep industry knowledge in managing fishing fleets, harvesting and processing of a range of seafood has already provided the company with a broad range of additional knowledge and structure that will be important for its future growth. Stephan joined the company in October 2010.

During the last 3 months the operations team which includes Matthew Wohling (Husbandry Manager), Elliott Nunan (Sea Cage Maintenance Manager), Clay Dehle (Chief Diving Officer) and Christian Weetra (Land Support Manager) have all demonstrated their capacities and commitment to the future of the company. Because of the increased workload they have assumed additional responsibilities and have applied themselves very well. The operations team led by Stephan Schilling have worked enormous additional hours and we thank them all for their commitment throughout this very busy period.

The Administration team led by Karen Quinn has also been working at full capacity supporting the workforce, maintaining the accounts of the company and co-ordinating the very many individual investor communications that have been necessary.

We have continued to have some difficulties securing skilled divers and support workers throughout the summer months. Here, Lindy Henriksen has done a great job, managing our

existing resources and procuring divers and other workers to ensure we are adequately resourced.

Professor Anthony Cheshire's continued and extensive involvement in the improvement of husbandry and the strategic directions of the business has been greatly appreciated by management and all levels of staff.

SUMMARY

The last 3 to 6 months have been exceptionally busy and exhausting for all involved with the company. The Board would like to thank the entire workforce for their dedication, persistence and commitment which will give the company the best opportunity to be successful.