

23 January 2014

Company Announcement

Australian Securities Exchange Limited

CLEAN SEAS TUNA LIMITED (ASX: CSS) OPERATIONS AND PROFIT UPDATE

Production Expansion on Track

The Company is pleased to advise that the strategy to expand Yellowtail Kingfish production to 1,500 tonnes per annum is proceeding to plan, with biological growth and survival positively exceeding plan. Based on current performance, the Company is clearly on track to deliver on its previously advised production targets to achieve our improved sales and profitability by 2015.

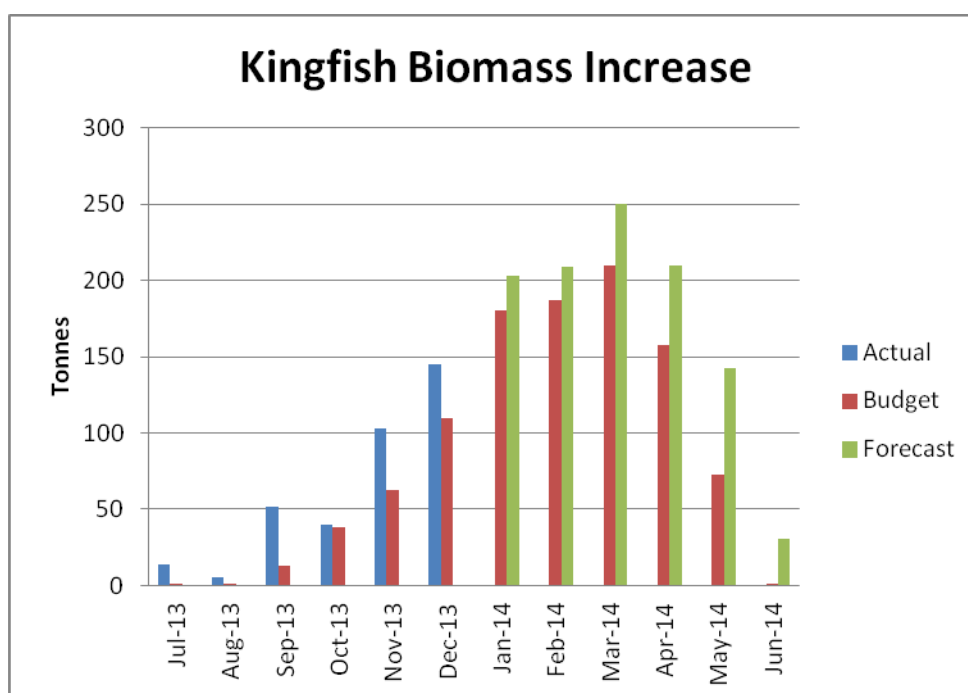


Figure 1. Comparative biomass increase per calendar month for Yellowtail Kingfish at all sites, actual and current forecast versus budget.

All fingerlings for the current season have now been transferred to the Company's sea pens. The transfer of fingerlings has been spread over the months from September to January to allow the fish to come to market size in a progressive manner (Figure 2). The last of the fingerlings were introduced to the sea pens last week.

This year, due to Improved and innovative hatchery practices , we have been able to transfer the fingerlings at a larger size, earlier in the Summer growing season, to improve productivity and efficiencies in the business. We plan to continue and extend this strategy each year to further improve production efficiency.

The current season fingerlings are outperforming our previously best performing fingerlings introduced in November 2012 (Nov Intake 2012) as shown in the figure below. The September and October 2013 intakes are also showing similar outperformance in terms of growth, however there are no direct comparisons for these earlier intake months in previous years.

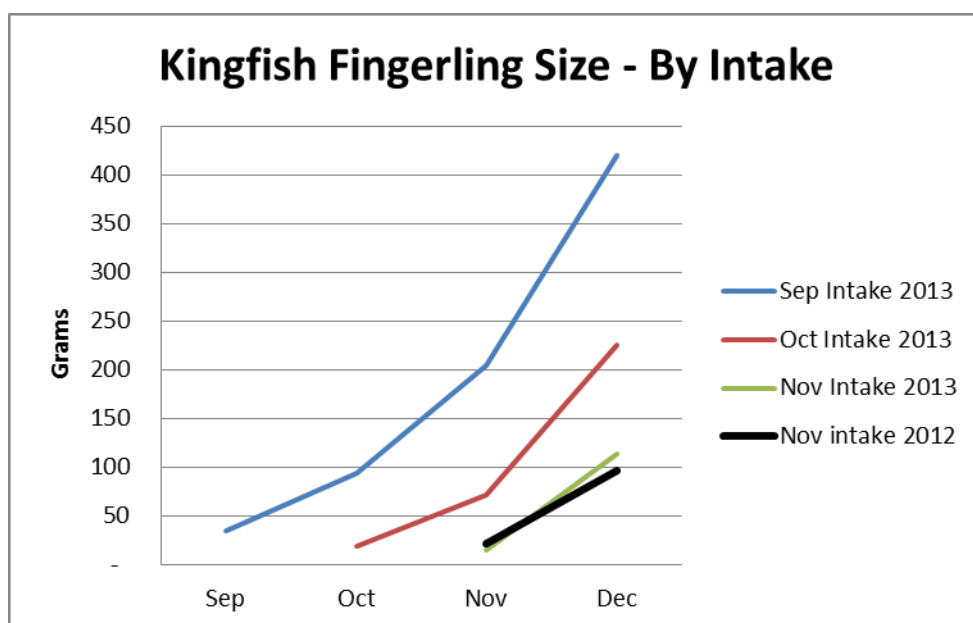


Figure 2. Fingerling sizes in the water as of the end of December compared to our best performing fingerlings, November Intake 2012.

Strong Survival Rates

Survival of the new year- class fingerlings has been excellent with less than 2% mortality to date, ahead of our best result last year.

We allow for a total loss of 15% across the full fish lifecycle. The cumulative loss rate for the previous year-class is 9% since stocking in November 2013. We have only lost 1% of these fish since June 2013, an outstanding result and further evidence that we have resolved our fish health issues. If current loss rates continue, the lifecycle survival rates will exceed our targets.

Productivity Improvements and Sales Growth

The Company has an ongoing continuous improvement program and continues to make incremental performance improvements in a number of areas of the business including:

- All grower feeds are supplemented with Taurine;
- Reduction of costs through changes in net cleaning technology and net sizes;
- Trialling various additional fluke control techniques;
- Conducting feed formula trials specific to Kingfish;
- Improving feed practices and
- Installing internationally recognised farm management software.

We will begin increasing Kingfish sales from February this year, in line with increasing production. The production and sales outlook is strong, due to the very substantial increase in fingerling production in 2013 as we introduced three times the number of fingerlings to the sea compared to the previous year.

Anticipated 1st Half FY2014 Results

In November 2013, the Company advised the market that, including the \$6.157million R&D tax rebate, after tax profit was expected to be in the range \$1.5million to \$3.0million for the 1st Half FY2014.

Based upon the combined impacts of solid fish performance, strong survival, productivity improvements and sales growth outlined above, the Company now expects that, including the \$6.157million R&D tax rebate, after tax profit will be in the range \$3.6million to \$4.1million for the 1st Half FY2014.

We expect to release our results for the first six months once finalised in the week ending 21st February 2014.

Anticipated FY2014 Results

The Company's earnings are seasonal. Higher earnings are generally recorded in the second half of each financial year, due to higher Summer and Autumn fish growth rates, when warmer seawater temperatures deliver improved growing conditions.

Nevertheless, having regard for progress to date, the Board is now optimistic that with a continuation of the solid first half fish performance for the balance of this financial year, the Company could possibly achieve full year underlying profitability some 12 months ahead of previous expectations. That said, the Board reiterates and acknowledges that the inherent operational risks in aquaculture can very clearly impact upon this outcome.

The Board will continue to keep the market informed of fish performance outcomes over the key growing months ahead of us.

Also, and as previously advised, the full year FY2014 statutory results will include the \$6.157million R&D rebate received in October 2013, and an allowance for an additional smaller R&D rebate claim for 2014. The anticipated R&D rebate for 2014 will be included in the current year results now that the Company has formalised its R&D accounting and with turnover continuing below \$20 million.

The FY2014 results are also expected to include an abnormal non-cash income item arising from a \$3.9million credit for deferred income. This deferred income is expected to arise on completion of reporting and other obligations in relation to an AusIndustry grant received in respect of the establishment of its SBT program, the costs of which were written off in 1st Half FY2013.

Paul Steere
Chairman

Craig Foster
Chief Executive Officer