22 February 2012

AquaBounty Technologies, Inc.
(“AquaBounty” or “the Company”)

Proposed fundraise of $2.0 million (approximately £1.3million) before expenses and issuance of fundraising circular

AquaBounty Technologies, Inc. (AIM: ABTX), a biotechnology company focused on enhancing productivity in the aquaculture market, is pleased to announce a proposed fundraising of $2.0 million (approximately £1.3million) before expenses by means of a subscription by certain existing shareholders of the Company for newly issued Common Shares. The subscription is conditional on the Company obtaining appropriate shareholder approvals at the General Meeting to issue the new shares. The General Meeting has been scheduled for 22 March at 10:00 am EDT at the Company’s headquarters.

As noted in the trading update announcement of 27 January, the Company is restructuring its operations to reduce the cost associated with them and to preserve the Company’s cash reserves. Following the raising of the capital and the restructuring programme, the Company expects to have sufficient funds to meet expenses until early 2013.

The circular relating to the fundraising by the Company has been posted to shareholders and will be available on the Company's website at: www.aquabounty.com/investors/documents-302.aspx.

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Approval of the waiver of a mandatory offer obligation, proposed subscription by certain investors for 33,277,870 new Common Shares at 3.79 pence per new Common Share to raise approximately £1.26 million ($2.0 million), restructuring of certain assets of the Company

1. Introduction

The Company is proposing to raise approximately £1.26 million ($2.0 million) before expenses by means of a subscription for new Common Shares by the Subscribing Investors. In addition, as noted in the trading update announcement of 27 January, the Company will be looking to restructure certain assets to reduce the cost associated with them and preserve the Company's cash reserves.

The Subscription is conditional on the Company obtaining appropriate shareholder authorities at the General Meeting to, inter alia, waive pre-emption rights under Section 4(c) of the Certificate of Incorporation and waive the requirement for Tethys Ocean, a wholly owned subsidiary of Linnaeus, to make a mandatory offer for the Common Shares not otherwise owned by it under Section 7 of the Certificate of Incorporation.

As part of the transaction, the Company's major shareholder, Linnaeus, intends, subject to the Section 7 Waiver, to transfer its shares in the Company to a wholly owned subsidiary, Tethys Ocean, which will hold all of Linnaeus' aquaculture assets.

As previously announced, the FDA has been working to complete its Environmental Assessment for AAS to ensure that an approval of the pending New Animal Drug Application would not have an adverse effect on the environment. The FDA has not yet completed this review nor indicated when the Environmental Assessment will be finalized. Commercialisation of AAS cannot happen without the release of this assessment. Given the uncertainty surrounding the timing of the FDA approval, the Board has decided to take steps to restructure the organization to reduce the cash costs of operations by approximately 30 per cent per annum and thereby increase the Company's cash runway. The two main components of the restructuring are a reduction in corporate and general administrative expenses and the spin-out and sale of the Company's research organization to Tethys Ocean. Further details of the restructuring are set out below.

In addition to the restructuring the Board has been looking to raise capital in a difficult financial market and has pursued a number of fundraising options. Given certain regulatory constraints, a pro rata offer to all Shareholders would not be practical or cost effective but the Board has approached a number of Eligible Shareholders including Tethys Ocean to seek their support in a fundraising.

Shareholders should note that the effect of the Resolutions will principally be to allow Linnaeus, as a holder of more than 30 per cent (but less than 50 per cent) of the Common Shares of the Company to undertake the Transfer to Tethys Ocean and participate in the Subscription (through its wholly owned subsidiary, Tethys Ocean) without the need to make an offer to Shareholders for the remaining issued Common Shares and those under option or subject to a warrant. The Resolutions will also authorize the Board to issue the Subscription Shares to the Subscribing Investors only without first offering them to all Shareholders pre-emptively on the terms set out in the Certificate of Incorporation.

2. Terms of the Subscription

The fundraising is by way of a Subscription by certain Subscribing Investors for new Common Shares in the Company at a price of 3.79 pence per share being the average of the mid-market closing prices on the last 20 business days prior to and including 20 February 2012 being the date of pricing of the Subscription. The aggregate number of Common Shares being subscribed for is 33,277,870 raising £1.26 million ($2.0 million). The Subscription Price represents a 4.45 per cent. discount to the average share price of the Company for the 90 trading days prior to and including 20 February 2012. The Subscription is conditional on Shareholder approval of the Resolutions to be sought at the General Meeting.

As at today's date, Linnaeus owns 32,774,406 Common Shares, representing 47.65 per cent. of the Existing Common Shares and, conditional on the Section 7 Waiver, it will transfer such shares to Tethys Ocean. As Tethys Ocean is subscribing for 15,857,038 Subscription Shares, Tethys Ocean will hold 48,631,444 Common Shares, representing 47.65 per cent. of the Enlarged Issued Share Capital following admission of the Subscription Shares and the completion of the Transfer. Tethys Ocean has confirmed that it wishes to see the Company retain its quotation on the AIM market for the foreseeable future.

The Subscription Shares are to be credited as fully paid and are to rank pari passu in all respects with the Existing Common Shares.

Shareholders should note that Subscribing Investors participating in the Subscription can terminate their Subscription Agreement in certain circumstances, including in the event of an economic, political or other crisis, the introduction of any governmental regulation adversely affecting the Company, or if the Company has given inaccurate warranties or fails to perform its obligations under the Subscription Agreement. A summary of the principal terms of the Subscription Agreement is set out below.

3. Business update

FDA Approval

As previously reported, AquaBounty completed all submissions for its New Animal Drug Application ("NADA") for AquAdvantage Salmon with the FDA in 2010. After public meetings on the results of their review, the FDA released documents stating that the product was safe as food, safe to the fish and safe for the environment. Since that time, the FDA has been working to complete its Environmental Assessment for AAS to ensure that an approval of the pending NADA would not have an adverse effect on the environment. The FDA has not yet completed this review nor indicated when the assessment will be finalized.

Update on commercial market test

The Company began a new commercial market test at its site in Panama in May 2011. To date, the fish have performed well and are exceeding the growth rate of the fish in the previous market test, which was concluded in December 2010.

Restructuring
In order to conserve cash, the Company has undertaken a restructuring in order to reduce operating spend by approximately 30 per cent per annum. Included in the restructuring is the spin-out and sale of the Company's research organization to Tethys Ocean, B.V.. The Company will execute a contract research agreement with the new organization to provide AquaBounty with the resources required for its on-going development needs.

4. Outlook

The Board of AquaBounty continues to hold the view that the Company will receive approval from the U.S. Food and Drug Administration for its AquAdvantage Salmon product. Though the timeframe is indeterminate, the Board believes that there is a great need for this technology to aid in the security of the world food supply.

5. Strategy and use of funds

The funds raised by the Subscription will provide the Company with working capital for an additional 10 months on the current business plan, as it waits for final FDA approval of its AquAdvantage Salmon New Animal Drug Application. However, the Company does not expect significant sales until 2014 and thus anticipates a need to raise further funds before that time.

6. Working capital

As at 30 June 2011, the Company had cash and cash equivalents and marketable securities of $3.81 million.

The Board believes, based on current forecasts that, following Admission, on the revised business plan and restructuring, the Company will not have sufficient cash to fund its activities for more than the next 10 months without making additional cost reductions.

7. Share capital

The common share capital of the Company as at the date of this announcement and following the Subscription is as follows:

Share capital	**As at the date of this announcement** *Number of Common Shares*	**Immediately following Admission** *Number of Common Shares*
	68,780,968	102,058,838

The holdings of Common Shares of Shareholders who are not Subscribing Investors will therefore be diluted by the Subscription by 32.61 per cent.

As at the date of this announcement, the Company is aware of the following persons who are or will hold, directly or indirectly, voting rights representing 3 per cent or more of the issued share capital of the Company to which voting rights are attached:

	As at the date of this announcement		**Immediately following Admission**	
Major shareholders	*Number of Common Shares*	*Percentage of Existing Common Shares*	*Number of Common Shares*	*Percentage of Enlarged Share Capital*
Linnaeus Capital Partners (1)	32,774,406	47.65%	48,631,444	47.65%
Alejandro Weinstein (2)	3,536,669	5.14%	19,310,247	18.92%
Fairchild Corporation	2,934,750	4.27%	2,934,750	2.88%
Lou Barnett (3)	2,601,533	3.78%	2,601,533	2.55%
William Marcus	2,535,802	3.69%	2,535,802	2.48%
Total	**44,383,160**	**64.5%**	**79,015,195**	**76.4%**

1. Following admission of the Subscription Shares and completion of the Transfer the holder of these Common Shares shall be Tethys Ocean.

2 Percentage includes shares held by Western Pharmaceuticals and CFR International, SPA. Mr. Weinstein is a controlling shareholder of both companies.

3 Percentage includes shares held by various family partnerships and trusts including the Barnett Family Partnerships I, II, and IV, Barnett Limited Partnership and BGC Initial Partnership. Mr. Barnett retired as a director of AquaBounty in July 2007.

8. Related party transaction

Linnaeus currently holds 32,774,406 Common Shares (representing 47.65 per cent. of the Company's Existing Common Shares) which it intends to transfer to its wholly owned subsidiary, Tethys Ocean. In addition, Tethys Ocean has agreed with the Company to subscribe pro rata to Linnaeus' current holding for an additional 15,857,038 new Common Shares. Following the Transfer and the Subscription, Tethys Ocean's share of the Company will represent 47.65 per cent of the Enlarged Share Capital. As part of the transaction, Tethys Ocean will be purchasing Center for Aquaculture Technologies, Inc, the subsidiary set up by the Company to spin out the Company's Research & Development division and subsequently the Company will enter into a contract research agreement with Center for Aquaculture Technologies to receive research services (further details of the sale and research service contract are set out below).

As Linnaeus is, and Tethys Ocean will be, a "substantial shareholder" of the Company, their participation in the Subscription, their purchase of Center for Aquaculture Technologies and the subsequent provision of contract research services to the Company by Center for Aquaculture Technologies, constitute a "related party transaction" under the AIM Rules.

The Independent Directors consider, having consulted with the Company's nominated adviser, Nomura Code, that the terms on which Tethys Ocean is participating in the Subscription, purchasing Center for Aquaculture Technologies and providing contract research services to the Company are fair and reasonable insofar as the Company's Shareholders are concerned.

9. General Meeting

The Subscription is subject, inter alia, to the approval of Shareholders at the General Meeting of the Company which will be held on 22 March 2012 at 10.00 a.m. at AquaBounty Technologies, Inc., 935 Main St, Waltham MA 02451, USA. The following resolutions will be proposed:

Resolution 1 to approve the Section 7 Waiver

The Board recognizes that the provisions of Section 7 of the Certificate of Incorporation would apply to the Transfer and any issuance of the Subscription Shares to Tethys Ocean. Section 7 requires a person holding not less than 30% but not more than 50% of the voting rights in the Company who acquires additional securities in the Company to make an offer to the Company's shareholders to purchase or otherwise acquire their stock in the Company. As the Transfer and the Subscription are conditional on this resolution being passed, the Board has determined that the application of Section 7 of the Certificate of Incorporation in relation to the Transfer and Subscription is not in the best interests of the Company or its shareholders.

The Board of Directors recommends a vote "FOR" the approval of Resolution 1.

Resolution 2 authorizing the Company to amend its Certificate of Incorporation

The Company is asking the Shareholders to approve an amendment to the Company's Certificate of Incorporation to increase the authorized shares of the Company's Common Shares from 100,000,000 shares to 200,000,000 shares. As of the date of this announcement, the Company had 68,780,968 Common Shares issued and outstanding. It is anticipated that the Company will issue an additional 33,277,870 Common Shares in connection with the Subscription. Without the approval of the amendment to the Certificate of Incorporation, the Company will not be able to complete the Subscription. The Board believes the increase in the authorized shares is necessary to provide the Company with the flexibility not only to complete the Subscription but also act in the future with respect to financings and other corporate purposes. The additional Common Shares to be authorized by adoption of the amendment to the Certificate of Incorporation would have rights identical to the currently outstanding Common Shares, and adoption of the proposed amendment to the Certificate of Incorporation would not affect the rights of the holders of currently outstanding Common Shares.

The Board of Directors recommends a vote "FOR" the approval of Resolution 2.

Resolution 3 to dis-apply pre-emption rights

The Board recognizes that the provisions of Section 4(c) of the Certificate of Incorporation would apply to the proposed issuance of the Subscription Shares to the Subscribing Investors pursuant to the Subscription. Section 4(c) requires the Company, before selling Common Shares to a person for cash, to offer to its Shareholders the right to purchase a proportional amount of Common Shares on terms that are at least as favorable as those for which said person would purchase the Common Shares. Following advice from the Company's advisors, it was confirmed that the regulatory constraints made it impractical and prohibitively costly to open the Subscription to all Shareholders. As the Subscription is conditional on this resolution being passed, the Board has determined that the application of Section 4(c) of the Certificate of Incorporation in relation to the Subscription is not in the best interests of the Company or its shareholders.

The Board of Directors recommends a vote "FOR" the approval of Resolution 3.

Resolution 4 authorising the Company to disapply Section 4(d) of the Certificate of Incorporation

The Board recognizes that the provisions of Section 4(d) of the Certificate of Incorporation would apply to the proposed issuance of the Subscription Shares to the Subscribing Investors pursuant to the Subscription. Section 4(d) restricts the Company from issuing, redeeming, or repurchasing any Common Shares, save for the issue of Common Shares pursuant to the Company's share option or incentive plans, without first obtaining the affirmative vote of the holders of 65 per cent. of the Common Shares represented at a meeting of the Shareholders.

The Board of Directors recommends a vote “FOR” the approval of Resolution 4.

Recommendation

The Board believes that, based on all the relevant circumstances, the terms of the Subscription, the Section 7 Waiver and the Subscription Agreement with Tethys Ocean and the other Subscribing Investors are all in the best interest of the Company and its existing Shareholders as a whole. The Board recommends that you vote in favour of the Resolutions to be proposed at the General Meeting, as those Directors who are also Shareholders, intend to do in respect of their own beneficial holdings of Common Shares which amount, in aggregate, to 1,168,813 Common Shares, representing approximately 1.70 per cent. of the Existing Common Shares.

Details of the Subscription and the Restructuring

The Subscription Agreement

The Company has entered into the Subscription Agreement with Subscribing Investors pursuant to which these Subscribing Investors have conditionally agreed to invest approximately £1.26 million ($2.0 million) in the Company by way of a subscription for 33,277,870 new Common Shares at a price of 3.79 pence per share. The Subscription Price represents a 4.45 per cent discount to the average share price of the Company for the 90 trading days prior to and including 20 February 2012, being the date of the pricing of the Subscription. The Subscription is conditional on Shareholder approval of the Resolutions to be sought at the General Meeting.

As at today's date, Linnaeus currently owns 32,774,406 Common Shares, representing 47.65 per cent. of the Existing Common Shares. Following completion of the transfer by Linnaeus of its holding to Tethys Ocean and the Subscription, Tethys Ocean will hold 48,631,444 Common Shares, representing 47.65 per cent. of the Enlarged Issued Share Capital

Subscribing Investors who participate in the Subscription can terminate their participation in the Subscription Agreement in certain circumstances, including in the event of an economic, political or other crisis, the introduction of any governmental regulation adversely affecting the Company, or if the Company has given inaccurate warranties or fails to perform its obligations under the Subscription Agreement, however the termination by one Subscribing Investor will not terminate the Subscription Agreement in relation to the other Subscribing Investors.

The Subscription Shares will be allotted and issued fully paid and will, on issue, rank *pari passu* with the Existing Common Shares, including the right to receive, in full, all dividends and other distributions thereafter declared, made or paid after the date of issue together with all rights attaching to them and free from all liens, charges and encumbrances of any kind. Application will be made to the London Stock Exchange for the Subscription Shares to be admitted to trading on the AIM.

Restructuring:

In conjunction with the equity subscription to raise new funds, the Directors of AquaBounty decided to implement a major restructuring of the Company in order to reduce the cash cost of operations by approximately 30 per cent (approximately $1.4m) per annum. The two main components of the restructuring are a reduction in corporate and general administrative expenses and the spin-out and sale of the Company's research organization.

Reduction of administrative expenses

The Company plans to close the offices in St. John's and relocate its corporate headquarters from Waltham to Maynard, Massachusetts. These two offices currently employ 6 full time staff which will be reduced by half. Additional spending reductions will be implemented on legal and regulatory support. Following the office changes and other staff reductions, AquaBounty will employ 12 staff full time.

Reduction of research expenses

The Company has decided to spin-out its Research & Development organization (including 11 employees from the San Diego and Prince Edward Island locations) and assign its lease of the San Diego premises. Pursuant to the Bill of Sale, the Research & Development organization (including certain items of equipment with a book value of approximately $32,000 but no intellectual property) will be transferred into a new company, Center for Aquaculture Technologies, Inc. which AquaBounty has conditionally agreed to sell to Tethys Ocean for $1 in cash pursuant to the Sale and Purchase Agreement. This will provide the Company with cost reductions in relation to lease payments and certain employee cost. The Research & Development division has been primarily working on projects related to on-going development work for AAS (including research into assays, control of fertility and sterility in salmonoids) and control of disease in shrimp and does not, and is not expected in the near-term to, contribute directly to the sales or profit of the Company.

AquaBounty will then enter into the Collaborative Research Agreement with Center for Aquaculture Technologies, Inc. to provide the necessary services to support its AquAdvantage Salmon production and development activities. The contract will initially be set for a one year term with an annual renewal. Cost of the services under this contract will be calculated monthly on a usage base of full time employees of Center for Aquaculture Technologies.

The Board has determined that the Subscription and the sale of Center for Aquaculture Technologies, Inc. to Tethys Ocean, when viewed in their totality and taken together, are in the best interest of the Company and the Shareholders. The Board does not believe that the restructuring will have any negative effect on its ability to gain approval for AAS and expects it to extend its cash resources of the Company by reducing cost.

Copies of the Subscription Agreement, the Bill of Sale, the Sale and Purchase Agreement and the Collaborative Research Agreement will be available for inspection at the registered office of the Company up to and including the date of the General Meeting.

Capitalised terms in this announcement shall have the same meaning assigned to them in the Circular.