

Australian Bight Abalone Project 2009

May 2009

Australian Bight Abalone Limited (ABA), the Responsible Entity (RE), is offering 3,000 interests in the Australian Bight Abalone Project 2009 (The Project). The Project will allow investors to participate in the commercial production of greenlip abalone at a sea based abalone farm in South Australia. Abalone produced by the Project are expected to be sold either on the Australian spot market or if alternative distribution channels are formed, directly into overseas markets. Zenith sees the Project as an interesting diversifier in the sector where the shorter scheme timeframe may be more suited to investors who prefer not to be exposed to excessively long term investments. Also, the Project is expected to begin producing saleable abalone, and therefore generating income returns to investors, in a relatively short timeframe (expected in the projects second year, FY 2011).

The Project is an agricultural managed investment scheme that balanced investors may consider appropriate in providing exposure to an alternative low correlation asset class with significant tax effective properties. It should however only be considered suitable for risk tolerant investors with a 7+ year investment time horizon. NOTE: This is General Advice only and should be read in conjunction with the report disclaimer.

Zenith rates the Australian Bight Abalone Project 2009 RECOMMENDED.

Key Features	Description
Product Type	Agribusiness MIS
Sector/Industry	Aquaculture/Abalone
Minimum Investment	\$12,570 (ex GST)
Allotment size	10 Abtrays@
Total raising/scale (Ha)	\$37.71m/30,000 Abtrays@
Investment term	7 years
Liquidity	Nil
Finance available	Yes
ATO Product Ruling	PR 2009/22
Advisor commissions	Up to 10%
Fee structure	Annual fees apply
Offer document dated	27 May 2009
Offer close date	15 June 2009
Fund Attributes	Description
Portfolio allocation suitability	Satellite
Anticipated volatility	High
Investment risk	High
Diversification	Low
Return Features	Description
Returns style ¹	Periodic
Income	Commencing from yr 2
Zenith IRR calculation ²	14.24%

¹ Anticipated in years 2, 3, 5 & 7

² Post tax at 46.5% tax rate

Monitoring Policy

On release of this Product Assessment, the Product Issuer has undertaken to notify Zenith of any material changes which may impact on the products rating. Zenith reserves the right to amend its view or withdraw the report at any time. This assessment, **dated 27 May 2009** expires when the offer closes or after 12 months or if there are any material changes.

Risk Assessment

Agricultural investments tend to be inherently at the higher end of the risk spectrum of an investment portfolio. Zenith has undertaken a standardised risk/return assessment of the Project in order to determine a theoretical overall level of risk and return. Zenith classifies the Project as HIGH RISK/HIGH RETURN.

Zenith Risk/Return Matrix – ABA Project 2009

Low Risk High Return	Medium Risk High Return	High Risk High Return
Low Risk Medium Return	Medium Risk Medium Return	High Risk Medium Return
Low Risk Low Return	Medium Risk Low Return	High Risk Low Return

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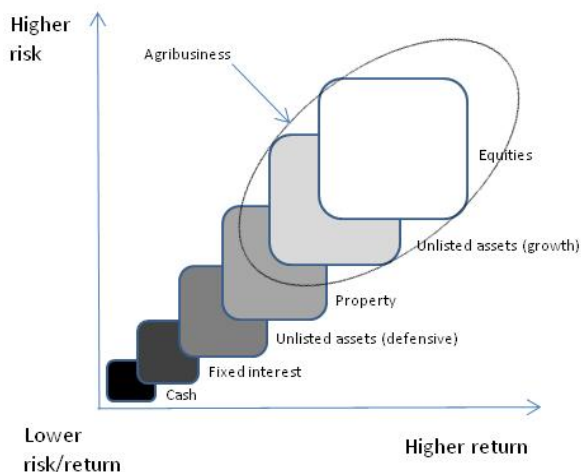
Key Aspects

Volatility

Primary production activities carries with it an inherent level of risk and uncertainty. Investors should ensure that the particularities of a project's performance parameters suit their attitudes to risk.

The ABA Project 2009 will be subject to the inherent risks of fluctuations in productivity and prices relevant to commercial abalone production. Based on the physical and commercial parameters of production relevant to the Project, the return range over the life of the Project may be considered volatile as key drivers such as price and growth tends to have a disproportionately large affect on return outcomes compared to some other types of agricultural commodities. For further details on financial outcomes, refer to the Returns section of this report.

When taking into account portfolio construction issues and asset classification, the physical production of commodities through agribusiness investments are generally considered by Zenith to share a risk return profile akin to that of unlisted growth assets and equities, while obviously being open to different types and levels of risk. Given the nature of the commodity being produced by the Project, Zenith sees the ABA Project as occupying the risk return profile akin to the equities space owing to the risk reward profile (Refer to the Risks section for further details) and volatility of commodity prices for abalone.



Timeframe

The Project is anticipated to have a minimum investment term of approximately 7 years. At the conclusion of this timeframe following the final harvest, investors' interests and agreements in the project will cease and final payments of net harvest proceeds (if any) will be distributed.

By necessity, investors need to consider the Project as long term and illiquid with no formal secondary trading markets currently available. Investors should be aware of the consequences of an inherently illiquid allocation in their investment portfolio. If, in the opinion of the RE a natural disaster destroys all or a substantial portion of a investors produce and infrastructure, the RE will provide the investor with a three year extension of the management and lease agreement along with associated stock to enable a new crop. Investors should take into account the effect a longer timeframe has on project returns in such circumstances.

Diversification

An investment in the Project should be considered as a tactical allocation owing to the comparatively shorter-term nature of the investment product within the agribusiness sector. The project holds no inherent diversification attributes within itself although may be useful as a tax effective diversifier in a diversified portfolio. Despite the taxation advantages available in the Project, Zenith recommends that no investment should be made purely on the basis of tax alone and the likelihood of tangible investment returns should be the primary consideration.

SWOT Analysis

Strengths

- High value established commodity with supply constraints in the wild.
- Sea based production system combines the advantages of controlled husbandry with a native environment, enabling a higher level of quality and consistency in production volumes.
- While full harvesting of earlier projects has yet to commence, results from smaller harvests, have generally yielded growth rates and product quality attributes which have all been encouraging.

Weaknesses

- Despite successes to date, several harvest cycles will be needed before the sustainability and success of market penetration is evidenced.
- Market prices for abalone are particularly exposed to movements in foreign exchange rates. At this point, it is assumed that ABA will sell abalone produced by the project on the spot market, which is historically volatile.

- Key markets in Asia are currently severely depressed due to the economic slowdown. Recovery in these markets will be critical to the Project meeting its aims.

Opportunities

- A Heads of Agreement has been signed between ABA and a US importer to export up to 300 tonnes of abalone to US markets annually.
- Opportunities to vertically integrate ABA’s business, which if successful, would potentially allow significant advantages to productivity and sales.

Threats

- Intensive production systems are generally more problematic, the threat of disease or system failures affecting productivity is generally high.
- Abalone as a commodity is a discretionary spend product reliant on its continued place as a high-end luxury item. A protracted decline in economic conditions for key consumers may significantly impact ongoing demand.

Returns

Zenith has examined the financial indicators of the RE, examined the supporting evidence and utilised key variables which are broadly in-line with those adopted by the RE. Zenith has undertaken a 7 year cash flow analysis as part of the financial evaluation process. Zenith’s financial forecasts also incorporate its own assumptions in respect of abalone growth rates, sales prices and other assumptions on related factors.

IRR Outcome

Zenith’s financial modelling produces a base case Internal Rate of Return (IRR) of 14.24% after tax for investors with a marginal tax rate of 46.5% and 0% gearing. The expected returns to the investor are generally considered to be high given the high value nature of the commodity, however production and market risks combine to make alternative return outcomes extremely volatile. Based on Zenith’s financial modelling of the Project, IRR outcomes using upper and lower scenarios are shown below (see Parameters section for further details).

Project IRR (post tax at 46.5% marginal rate)

Lower case	Base case	Upper case
1.98%	14.24%	34.53%

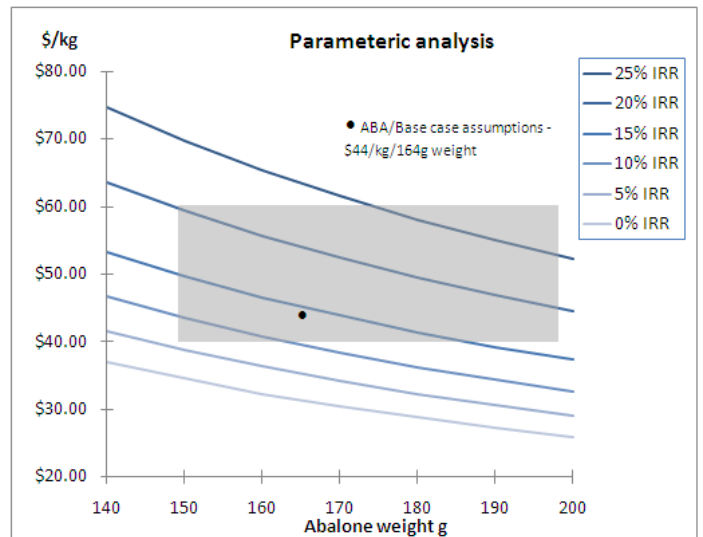
Zenith’s financial modelling assesses project return outcomes using three scenarios, a base case estimate and an upper and lower limit to allow for alternative outcomes. Upper and lower limit assumptions are based on the commercial realities of a project’s environment as opposed to a generic deviation from the base case. Parameters utilised are not absolute and actual results may fall outside these ranges in extreme cases. IRR calculations do not take into account the impact of investor finance.

Parametric Analysis

Given the range of potential returns outcomes, further examination of the effect the key drivers of a project has aids determination of the potential returns outcomes. Parametric analysis provides a way to examine the relationships between these drivers, namely yield and price, and the effect it has on investment returns.

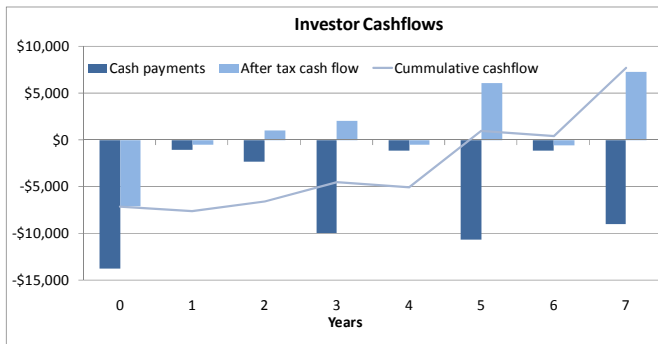
A simple depiction of the relationship between price and yield outcomes based on the project’s parameters is shown below. In order to ascertain a required yield outcome, the corresponding yield and price points can be referenced to reach an outcome. The shaded area represents the assumptions ranges utilised by Zenith in its upper and lower case scenario.

The assumptions utilised by Zenith reflect the opinion that the assumption of the key drivers are weighted toward conservatism and based on commercial expectations would show greater upside potential than downside. For further details on assumptions, refer to the Parameters section of this report.



Cashflow Analysis

Zenith has assessed the financial cashflow attributable to an investment in the Project. Expected total cash outlays and cumulative cashflow for one unit in the project is shown below. The Project income stream should be characterised by commencement of returns in year two of the Project when the first abalone harvest is anticipated. An investment in the Project is expected to become cash flow positive in year five based on the stated fee estimates and returns expectations. It is important to note that due to a range of factors, namely the nature of the Project in that abalone may be grown to suit a specific market, the fact that the RE’s marketing strategies going forward may evolve and also that ultimately growth rates may change, the actual timing of harvests may vary. In addition, following the initial harvest in year two, it is expected that ongoing harvesting will become a more continuous process as the difference in individual growth rates widens the population size distribution.



Parameters

The production system implemented by ABA in terms of using a sea-based system as opposed to a land based system, should provide some key advantages. Abalone grown in an enclosed land based system tend to have physical characteristics which put them at a disadvantage against wild caught abalone, chiefly in terms of the colour produced which is one of the characteristics which influence price in the market.

Size is also a further governing factor. Strict size guidelines limit the taking of wild caught abalone by fisherman, the minimum size restrictions varying from state to state. Minimum size restriction in South Australia is 145mm. Farmed abalone are not subject to these restrictions and so ABA has the ability to respond to specific markets with preferred size for that market. For example, the US market has a preference for larger abalone while other burgeoning markets are emerging with a demand for smaller ‘cocktail’ sized animals, which cannot normally be supplied without dividing a larger animal into portions which is not considered ideal.

Forecasting investment performance is not exact and generally relies on a complex matrix of inter-related factors and assumptions about future events that may or may not reflect actual events. Changes in any of these factors may result in a significant and decisive impact on future outcomes. Readers should be reminded that this report provides no more than a general guide to potential future outcomes and must not be relied upon in isolation.

Zenith’s calculations in regard to key drivers of the Project are broadly in line with those employed by the RE and independent experts. Key drivers are examined in detail below.

Growth assumptions

Production of abalone for sale relies on several key aspects with relation to growth, being the growth rate of the animal as measured by monthly shell growth, the relationship between shell length and weight and the resultant yield ratio of total ‘wet’ weight in relation to shell/meat/gut.

Published research sources indicated that growth rates for abalone vary between 1.7mm – 3.5mm per month, with an average estimate of 2.4mm. While indicative of a wide range of outcomes, this is reflective of varying physical conditions and management systems between wild growth and land based grow out facilities. ABA is assuming an average growth rate of 2.5mm per month. Based on supporting data sourced by Zenith, ABA’s assumptions on a growth per month appear feasible, although marginally higher than the data sourced. That said however, Zenith remains comfortable with this assumption given the distribution patterns in the available data and ABA’s production system.

The relationship between shell length and total weight is also variable. Data sourced by Zenith indicates that based on a shell length of 106mm (that being targeted by ABA); total weight distribution is around 150 – 200g per animal. ABA has assumed a total wet weight of 164g in their calculations for the Project. As a result, Zenith is of the opinion that based on current information, the ABA assumptions relating to achievable weights would appear reasonable if not somewhat conservative.

When assessing the level of saleable meat produced, the industry rule of thumb is that the ratio of saleable meat to the total weight of the animal is 1:3 (i.e. 33%). Zenith expects no substantial deviation from this measure as it tends to be inherent.

ABA's growth results to date based on mm/month have outperformed their own original forecasts. While growth data to date has been favourable, it will take several cycles to confirm the sustainability of these growth rates under the current production system. It should be noted that ABA have changed their production forecasts compared to previous projects, where the weight target was 220g per animal after three years.

Price assumptions

Price assumptions going forward for the Project will be largely influenced by FX rates and underlying consumer demand, particularly in Asia, as well as competition from other global producers affecting the supply/demand balance. Based on the current marketing strategy evidenced by ABA, Zenith is of the opinion that pricing assumptions are largely reasonable if not conservative, on a medium to long term basis going forward. The RE has assumed what is essentially a farm gate price rather than a FOB price which Zenith sees as the realistic outcome, so the results show what would be considered to be significant potential upside to price performance outcomes.

It should be noted however that recent market conditions are presenting significant challenges to producers as the fallout of a previously high AUD followed by falling demand as Asian (and global), economies contract. Current prices being achieved are lower than the assumed price by ABA during the term of the Project. Prices are historically volatile and would be reasonably expected to remain volatile in the future. For further details on pricing, refer to the Industry overview – production and pricing section of this report.

Other assumptions

Mortality rates during the life of the Project is a significant issue. ABA have assumed mortalities of 15% in year 1, 11% in year 2 and 8% in years three for each cycle. Based on the stock data to date, ABA are achieving mortality rates which are well within the assumptions being utilised by the project going forward. However given the vagaries of primary production, Zenith believes that the retention of these assumptions on an ongoing basis is appropriate.

Major Assumptions	Lower	Base	Upper
Growth mm/month	2.25	2.50	2.75
Harvest weight (g)	148	164	197
Price/kg	\$41	\$44	\$66
Mortality ¹	36.8%	33.5%	30.1%

¹ Over each production cycle.

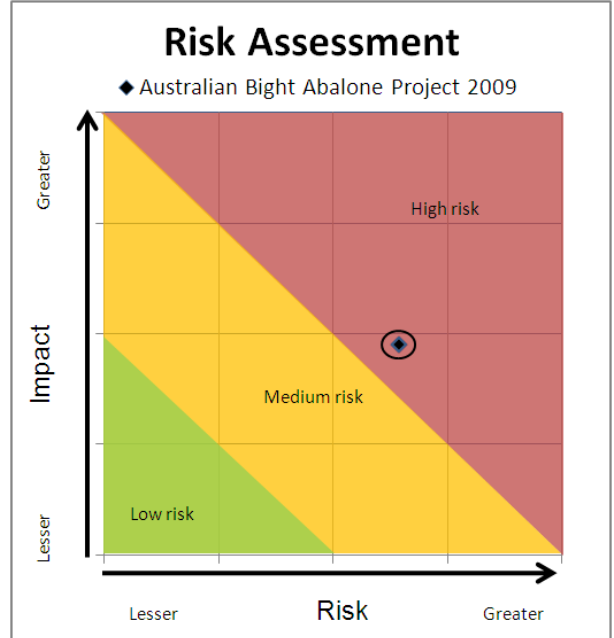
Risks

Risks faced in projects relating to agribusiness investments generally involve risks inherent to the commodity being produced, agronomic and climatic risk, management risk, regulatory risk and market risk. Market risks are particularly prominent when sales of the product may take several years to be realised, or where market channels have yet to be fully developed.

All investments are inherently exposed to a variety of risks. Zenith has carried out a detailed risk assessment on the ABA Project to determine the level of risk present, its level of impact on the Project and the ability of the RE to be able to ameliorate these risks. Zenith risk assessments are directly comparable within the agribusiness sector.

The Zenith risk assessment measures the severity of risks present in a project, the outcome of which is plotted on the x axis (horizontal axis) and the ability of the manager to manage and thus lessen the impact of these risks is measured on the y axis (Left Hand Side). The ABA Project is judged to have a HIGH risk profile within the agribusiness sector.

Investors in the Project may be subject to the following risks:



Industry Risk

Market & sales risk

Although global wild stocks are generally in decline, given the high market values for abalone, aquaculture production systems have increased their presence and as such there is some level of threat that other major abalone producing countries will deploy or continue to increase their own farmed abalone systems which could potentially have the effect of lowering commodity prices as the traditional premiums as a result of scarcity are eroded. At the present time however, Zenith is of the opinion that given the lead times involved and the nature of the competing systems in existence, such advances would be unlikely to affect investors in ABA's 2009 project over the next seven years (being the expected project timeframe). This may however be a consideration affecting investment parameters for the attractiveness of future investment opportunities.

The risks of selling to overseas markets are also particularly apparent in relation to the ABA Project. Foreign exchange rates are a key consideration given that the greater majority of Australian abalone is destined for export markets. Analysis of historical beach prices for wild caught abalone shows a strong correlation with movements in exchange rates, with the other key driver obviously being demand. The 2007/08 season was a particular case in point where prices fell significantly due to a combination of a historically high Australian dollar compared to the Chinese yuan and a decline in demand as the global economic slowdown started to gain speed in Asia. Some producers have also noted that competition from other nations such as Chile has contributed to the downward pressure of abalone prices.

Production Risk

Environmental Risk

Australian abalone, like many aquaculture species, is exposed to the threat of disease. Of most significance to the industry is the threat of Abalone Viral Ganglioneuritis (AVG). The spread of this disease, originating in Victoria, has decimated wild stocks and some land based production systems and is proving a significant threat to the industries in VIC, TAS, SA, NSW and WA. At present, abalone stock in WA and SA remain AVG free, but the threat of exposure remains a significant industry issue. Zenith has reviewed a risk assessment of AVG infecting ABA's operations which was prepared by an independent expert. This report concluded that the risk of infection was essentially low, however the consequences of infection if it occurred, would be severe. It should be noted that the report's author acknowledged that the most likely entry point for

AVG would be through ABA potentially receiving infected stock from a supplier and that while ABA's main supplier formed part of the assessment and was termed a very low risk, the assessment did not take into account other suppliers currently in use.

Weather conditions at the site are generally highly appropriate to the endeavour, the single biggest threat being from severe storms, which are not uncommon and have in the past resulted in damage to the infrastructure of one of ABA's initial projects. Numerous alterations have been made in the wake of this event to ensure that the current systems have a greater robustness to such events, principally changes to the anchoring system used as well as the implementation of a buoyancy system in the cages which allows them to respond more effectively to rough conditions and minimise stress and damage. ABA have reported that since the system was introduced it has performed well.

Predation in the abalone cages is an inherent risk given that the production system is open to the sea. Starfish and other predators are a constant threat that needs to be managed in order to minimise stock losses. The RE has made ongoing improvements to the control of such predators and seen mortalities reduce in previous projects as a result. Threat of predation is however a ongoing risk.

Water quality and temperature are key determinants in many aquaculture production systems. ABA have chosen the site because of the preferred qualities present, however the threat of any events or environmental changes occurring that could threaten water quality needs to be taken into account. The remote location of the site should aid in precluding the traditional risk factor of contamination from run-off from heavy industry or farming entering the system, however water quality is a crucial determinant of quality.

Given that the Project is utilising an open system and inherently relying on the presence of natural algae for the abalone to feed on, the availability of these algae's is a critical determinant of growth. Should the level of naturally occurring algae in the farm decline to sub-optimal levels, ABA have the ability to utilise beach cast algae as a means of providing a supplementary feed source that does not impede any critical factors such as growth rates, quality or access to end markets for the abalone. Supplies of beach cast algae at the site are significant and as such it is likely to be able to provide significant amounts for the Project if a decline in natural algae levels becomes apparent. The RE has utilised this measure on at least two occasions during 2006.

Aquaculture Risk

Previous history of production can be a good indicator of the agronomic ability of a site to produce a quality product. ABA has previously established abalone farms at the Elliston site chiefly based on its suitability in terms of water quality and other environmental factors which have allowed existing wild stocks to proliferate in the area. While parallels can be drawn as to the quality of abalone that such a site is capable of producing, given the subtle differences of imposing a managed system into the wild, the true test of suitability will only be truly apparent after several cycles have been concluded.

In spite of this, the conditions at the site are deemed to be conducive to abalone production and the RE has significant capacity to expand given the existing licences held at the site that are yet to have farms established on them.

Management Risk

Business risk relating to management decisions and/or management failure is a key element of any business venture. Management risk can be mitigated through insurance (liability and key man insurance), succession planning, strong compliance regimes and clear due diligence methods.

Physical management risks are also an aspect of primary production. Abalone is very sensitive to stress; excessive handling during the production process can result in high mortality rates and reduced growth. Operational management must be experienced and exacting when dealing with such a species to minimise potential production losses or adverse growth rates.

Other management risks involved with primary production projects relate to the public perception of the Managed Investment Scheme industry. Companies in a growth phase that derive a large proportion of business revenue from subscriptions are at risk from an industry downturn. Companies which are more entrenched and can continue operations from ongoing management fees as well as ongoing deferred fees are much less susceptible to these risks.

Typically, there is an enhanced risk of management failure in an investment which represents a manager's first venture into a new industry. The RE has to an extent, demonstrated its capability to date with the successful establishment, maintenance and achieved growth rates from earlier projects. These accomplishments, together with the RE's mandate of obtaining expert advice, reflect positively on the ability of the RE in its capacity as manager of this Project.

Another source of risk is the financial viability of the managerial operation in terms of whether the resources available are sufficient (both from fees generated by the Project and the manager's own resources) in order to carry out the Project as planned. This can only be assessed from investigating the expected costs and revenue flows of Australian Bight Abalone Limited. It is recommended that investors seek information on ABA in this regard.

A key element of the success of the Project relates to staff. ABA has indicated to Zenith that the sourcing of capable, qualified staff is a significant issue that has the potential to constrain management and impede further expansion. Given that the site location is in a relatively remote area, staff sourcing and staff retention is a significant issue. ABA has several programs running in offering incentives in sourcing and training new staff (particularly divers), however systemic issues will need to be resolved in relation to not only sourcing new staff but also providing accommodation. Given the level of new staff required against the constraints of the existing township at Elliston, significant new infrastructure will need to be provided to house the additional workforce. ABA is currently undergoing planning on addressing these issues, the success of which will be critical in managing staff issues going forward.

Other risks

Currency Risk

Abalone produced by the Project are expected to be marketed and sold to overseas markets, principally Asia. Changes in the prevailing exchange rate will have a material effect on abalone pricing, as was evidenced during the 2008 quota year where Australian abalone producers suffered from the effect of the record high value in the Australian dollar relative to the currencies of trading partners. Investors need to be aware of the ongoing effect that changes in exchange rates will have to achievable abalone pricing going forward.

Investor Default

Many agricultural MIS operations allow the possibility for their investors to leverage into projects through arranged financing parties or by providing finance through a parent or related company. Should investors default on their obligations, this carries a risk to the financial strength of the overall operation, particularly if the RE is carrying the credit risk. ABA has informed Zenith that historic default rates have been <1% and approximately 25% of investors have leveraged into previous projects.

Production variability & harvest pooling

A grower's individual assets are specifically identifiable for the duration of the project and as such carry commensurate risk. While the Project pools harvest proceeds, returns are pro-rata based on the weight of an individual's abalone, not based on the number of interests they hold. Accordingly, each grower will achieve a differing return on their investment. Abalone is weighed on harvest with pooled growers then being entitled to that proportion of sale proceeds that the weight of the abalone in their abalone Abtrays® bears to the total weight of all abalone sold by pooled growers. As such, the risks posed by any individual variations in growth rates or excessive mortalities within an individual's Abtrays® will be borne by the investor.

Theft

Abalone poaching is a significant industry issue as it is one of the most heavily targeted species for theft or illegal harvesting. Estimates vary as to how much abalone is illegally taken each year, although some estimates put it as high as 40% of the amount taken legally by recreational fisherman. As such, ABA sees the protection of the Project assets and stock as a significant issue. ABA have recently upgraded their security systems to mitigate this risk and Zenith is satisfied that ABA's has done as much as practicable and economic to prevent stock theft.

Structure

Interests in the Project allow investors to be able to participate in the commercial production of greenlip abalone at a sea based abalone farm in South Australia. Production of the abalone will be under marine leases at an established site located near Waldegrave Island off the west coast of the Eyre Peninsula, near the town of Elliston.

ABA is the Responsible Entity as well as the holding company of Australian Bight Infrastructure Pty Ltd (ABI) who owns the marine leases and the Abalone Aquafarms™ in which the abalone are grown. Australian Bight Abalone Management Pty Ltd (ABAM) is responsible for the physical management and technical aspects of the Project.

Abalone produced by the Project are expected to be sold either on the Australian spot market or if alternative distribution channels are formed, directly into overseas markets. Investors will purchase one or more 'interests' in the Project with the minimum investment by an investor being one interest. Each interest entitles an investor to 10 Abtrays®, the specially designed abalone

baskets which house the abalone inside the Aquafarms™.

Upon being allocated interests in the Project, an investor will enter into Aquaculture & Cage Rental Agreements with ABI for approximately 7 years. Abalone will be grown under management until 30 June 2016, at which time the final harvest is expected and the Project is scheduled to terminate. Under the terms of the Management & Aquaculture and Cage Rental Agreements, the RE may provide for a three year extension of the Project should a natural disaster impede outcomes (a Force Majeure Event). While this feature gives some risk mitigation to unforeseen events impacting grower's returns, it should be noted that the interpretation of a Force Majeure Event will be at the discretion of the RE and this clause may only be enacted once in a project's life. Investors should note that any extension to the project timeframe may have a significant impact on investor returns.

It should be also noted that interests in the Project entitle growers to harvest proceeds from the sale of abalone but no ownership of the Project infrastructure assets beyond the Abtrays® which are repurchased by ABI at the end of the Project term.

The RE expects to generate income returns to investors following the expected harvests in years two, three, five and seven of the Project as each harvest is completed. Sales revenue is generally expected to be pooled with other growers and paid out on a pro-rata basis after deducting applicable fees. Investors do however have the option of undertaking harvesting and marketing operations on their own behalf under certain guidelines, however this decision must be made upon application. Readers should note that the Zenith Product Assessment has not taken this scenario into account and is relevant to participation in the marketing pool only.

Industry Overview

Abalone Overview

Abalone (genus *Haliotis*) are a marine mollusc which are related to oysters, scallops and mussels. Abalone is distributed around a significant portion of the world's coastline, in both tropical and cold waters, with Australia being the single largest producing nation, accounting for approximately 27% of supply. Generally, the species native to Australia are found in the southern waters, ranging from the coast of New South Wales, around Tasmania and then as far north as Shark Bay, in WA.

The abalone industry is heavily export based with up to 95% of production (farmed and wild catch) being

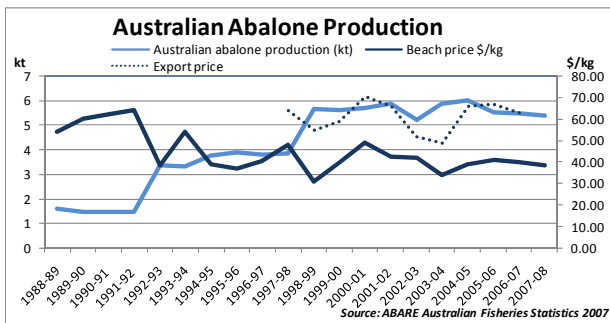
exported primarily as either live trade, frozen or canned. The bulk of the consumption of Australian abalone is in Asia, in particular China, although the majority of sales are through Hong Kong.

In response to historic overharvesting, all Australian States regulate the number and size of abalone that may be taken by implementing size constraints as well as catch number quotas for commercial fisherman.

As a high value product operating under a system of general diminishing supply in wild stocks, farming of abalone is becoming increasingly more common. The major producers of cultured abalone in close proximity to Australian industries are China and Taiwan, with smaller production systems operating in New Zealand, France, South Korea and Japan. In general, most of these countries have a range of issues they need to overcome in order to compete effectively with Australian producers before becoming a significant threat to commercial operations, and as such, Zenith does not see a significant threat of supply/demand imbalances impacting this project given the timeframe involved.

Production & Pricing

Pricing and production varies significantly in each state depending on state based Total Allowable Catch (TAC) regulations in each given year and environmental factors impacting available animal numbers. The following data represents total Australian production and broad average pricing based on gross production farm gate value to producers. Total production levels, having peaked in the early to mid 2000s, are now trending downward and will likely only be able to be sustainably substituted by aquaculture production systems.



Average abalone prices partially recovered over the two years to 2005-06, before falling again in 2006-07. This has been generally a result of declining production levels in several states due to TAC reductions and the outbreak of AVG in Victoria, which were however largely been offset by increased production in farmed abalone.

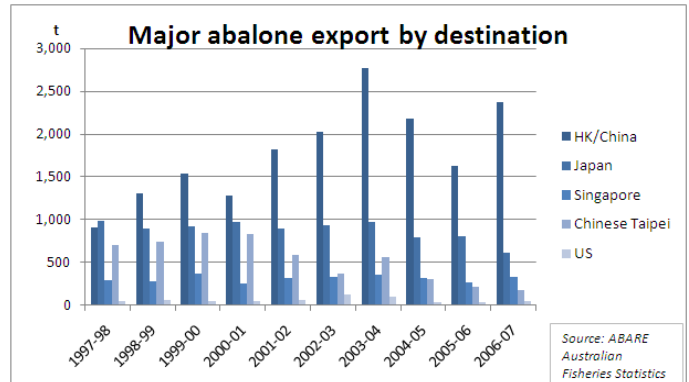
Currently, abalone, along with most luxury consumer items, have suffered a significant decline in demand and

a softening of producer prices as a result of cooling economic conditions in key markets. While formal data on abalone prices later than 2007/08 are not yet available, anecdotal evidence sources by Zenith indicated that beach prices (being the average price paid by processors to abalone quota holders) for abalone have fallen about 20% from last year and is currently fetching approximately \$30/kg, representing a historical low point for the last 19 years. Processor prices are somewhat more robust however as exchange rates have moved back in favour from the strong highs of 2007. However demand is currently extremely low.

It should be highlighted that the current conditions are not expected to represent a fundamental shift in the market landscape. Zenith sees the decline in pricing as an aberration against the long term demand of abalone as a commodity and has confidence that prices will recover in the future as demand stabilises, albeit that volatility will remain part of the landscape as it has traditionally.

Strategy & Marketing

Abalone is principally sold to overseas markets, particularly Asia. Within these markets, there are essentially three types of end product, live trade, frozen, or canned.

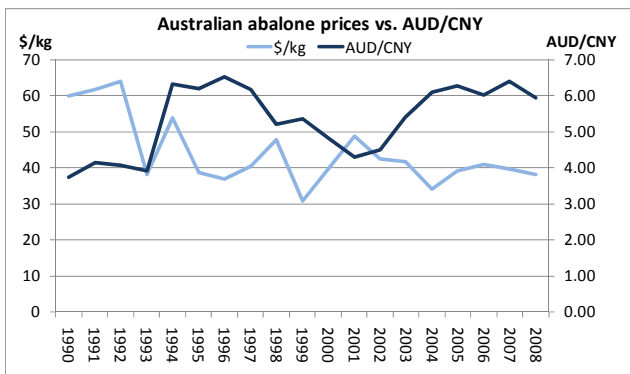


With regard to marketing abalone produced by ABA's projects, at present, the RE states that they currently utilise the services of Western Abalone Processors Pty Ltd (WAP), a company based in Port Lincoln, to sell wholesale processed abalone into Asia in the daily spot market. WAP is the largest exporters of frozen Greenlip abalone meat from Australia, and also produce frozen and canned Blacklip abalone which is exported to Hong Kong, Taiwan, Japan, Singapore and Canada. Utilisation of spot markets as opposed to off-take agreements, while potentially more risky, is deemed to be a relatively appropriate strategy for ABA at this point as they will be able to more efficiently strike agreements when production scales up to encompass a greater share of the market.

In April 2008, ABA signed a Heads of Agreement with a US importer to enable export of up to 300 tonnes of abalone to US markets per year. This agreement is in the process of being reviewed due to changing markets and requirements, however Zenith views this as positive progress for ABA in developing distribution channels.

ABA has indicated to Zenith that they aim to vertically integrate their business by developing a hatchery as well as processing facilities in the near future. While these plans would create a beneficial advantage to the ABA projects, at this point there is no guarantee that they will be able to be enacted. ABA currently has significant capital tied up in Project infrastructure and currently plans are in place to find alternative methods of freeing up capital. Should these plans be unsuccessful, the existing system of selling through external entities would likely remain.

Given the nature of the commodity as primarily export driven, FX movements tend to have a significant bearing on achievable prices. Long term abalone prices mapped against exchange rates between the AUD and the Chinese Yuan are evidenced below. Future FX movements during the course of the Project will likely have a significant impact on future outcomes, either positive or negative and potential investments should be made with this aspect in mind as well as to which currencies the project will be exposed depending on the ultimate destinations of sales.



ABA is currently in the process of seeking ISO14001 accreditation. ABA has informed Zenith that this process is well advanced but has experienced delays from when the process originally commenced in 2005. This has been largely due to the company experiencing a lack of sufficient employee resources during its rapid growth phase during 2006-2008. Zenith notes that the possession of ISO14001 accreditation is an important tool for the operation and may potentially allow ABA to take advantage of markets or market premiums as well as other tangible benefits to themselves and growers once implemented. ABA has also stated that they are currently working with Balance Carbon Pty Ltd to further

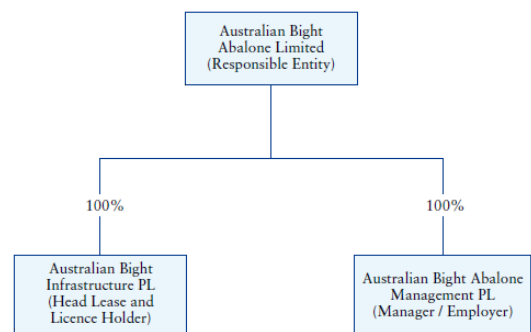
develop its Environmental Management System and Waste Management System, with full ISO14001 accreditation expected by September 2009.

Significant ongoing economic and regulatory changes relating to free trade agreements within major trading partners may present additional economic advantages for Australian producers in the future although this is by no means assured.

Management

Responsible Entity

Australian Bight Abalone Ltd was formed in 2004. The corporate structure of the ABA Group of Companies comprises the Responsible Entity (Australian Bight Abalone Ltd, ABA), an asset manager who is responsible for the day-to-day operations of the Project (Australian Bight Abalone Management Pty Ltd, ABAM) and the Marine Lease Holder, who owns all the infrastructure of the Project (Australian Bight Infrastructure Pty Ltd, ABI).



ABA is owned by three entities associated with Director Ken Bascomb (51%), John McAuley (39%) and Andrew Ferguson (10%).

The Board of Directors previously comprised 3 non-executive independents (Sir Tipene O'Regan as Chairman, the Honourable Nick Bolkus and Professor Anthony Cheshire) and 2 executives (Ken Bascomb, largest shareholder, and John McAuley). Cheshire and McAuley both resigned from the Board on December 2008.

Sir Tipene O'Regan joined the ABA Board in January 2007 having held a number of private and public company directorships across a number of industries. These include those related to aquaculture such as his role as a former member of NZ Fishing Industry Board, a former director of NZ Seafood Industry Council Ltd, a former executive member of Law of the Sea Institute, former board trustee of Marine Stewardship Council (UK) and the current chairman of Clifford Bay Marine Farms Ltd.

The Honourable Nick Bolkus joined the ABA Board in July 2007 having retired as a Senate parliamentarian in 2005. He served as a Commonwealth government minister for 8 years during the Hawke and Keating labour governments and on the Opposition front bench for over 6 years. Since his retirement Bolkus has been appointed a director of nine private companies and continues to serve as a director of the Seafood Industry's Australian Fisheries Academy.

Ken Bascomb is one of the founders of ABA and has in excess of 35 years experience in the Abalone industry having been a diver and operator of a licenses in South Australia and California, USA. Outside ABA he has been a former director of South Export Abalone Products (1981), was a founding director of Western Abalone Processors (1994 – present) and is a partner in RBK Oysters (2002 – present). Ken currently holds a controlling 51% interest in ABA.

Andrew Ferguson joined ABA in 2005 as its CEO / Company Secretary having transitioned largely from a private legal and corporate advisory background (1996 – 2004). Prior to this he held various roles in the legal fraternity over the period 1990 to 1995 including stints at AMP, Verdervords Solicitors and Legal Advisory & Merchant Banking. Ferguson is currently a ministerial member of the Aquaculture Advisory Council of SA.

In Zenith's opinion the ABA Board of Directors is well structured given the individuals involved exhibits strong depth of industry experience, business management skill and qualifications and it maintains an independent, non-executive majority.

Asset Management

Australian Bight Abalone Management has the key responsibility for the operational aspects of the Project. ABAM's Operations Manager Bill Bascomb and Developmental Manager Darren Tressider are key individuals in this organisation. Bascomb joined as Operations Manager in September 2007 having previously contracted to the Group via BJ Diving. While perhaps lacking the same level of experience in an operational role, Bascomb has, through the family business, been exposed to the Abalone Industry over a significant period. His role will entail infrastructure installation / maintenance, directing dive operations and farm operations.

Darren Tressider joined ABA in 2005 and has held various roles within the Group including Operations Manager before Bill Bascomb's arrival and is currently retained as its Development Manager. He is a former Fleet Manager for Australian Fishing Enterprises (tuna)

and up until August 2008 he held an interest in Eyre Peninsula Aquaculture Pty Ltd, before ABA acquired full ownership. As part of the terms of this acquisition Tressider will operate the hatchery facility under a six year exclusive arrangement.

Board of Directors	Title	Joined ABA
Sir Tipene O'Regan	Chairman	2007
Hon Nick Bolkus	Non-Executive Director	2008
Kenneth Bascomb	Non-Executive Director	2004
Key Individuals		
Andrew Ferguson	CEO	2005
Bill Bascomb	Operations Manager	2007
Darren Tressider	Contract Developmental Manager & spat provider	2005
Elise Wilson	Marine Biologist	2008

The biggest impact on employee numbers is the number of divers required. ABA currently has 21 divers within its employment and two additional relationships with diving contractors (BJ Diving & Pt Lincoln Dive Services).

In terms of staff turnover ABA has not been without its issues particularly in the area of its in-house marine biologists. For the 2006 Project Rachel Lawrie was the Head Biologist and joined ABA in 2005 having been a former Chief Marine Biologist at South Australian Developments with 10 years experience. Lawrie resigned in November 2006 and was replaced by Alex Dobrowski as an Assistant Biologist with 8 years experience. Dobrowski then held the role as Head Biologist before he resigned this role to take up a position with ABA as a dive team leader and Elise Wilson took over in June 2008 with this being her first commercial role after graduating from James Cook University with a Bachelor in Science in Marine Biology / Aquaculture. As such, in Zenith's opinion the experience of ABA's in-house marine biologists has diminished over this period and is viewed as a potential weakness.

In terms of experience, outside the CEO and Founding Director, it is Zenith's view that ABA is poorly represented in terms of experience both at Head Office

and in terms of Operational expertise. To this extent Zenith is of the opinion a high degree of key person risk rests with Andrew Ferguson and Ken Bascomb.

Audit Risk and Compliance Committee

The External Compliance Committee for ABA ceased operation from 1 July 2008 following the company's move to an independent, non-executive majority on the Board. While the new look structure dissolves ABA of the requirement to run an external compliance committee Zenith would have preferred to have seen it retained as it provides a further "safety net" of protection to investors.

The current Internal Audit Risk and Compliance Committee comprises 4 members and meet every 2 months. Its composition is as follows: Nick Bolkus (Chairman), Craig Tasborski (9 years experience, Compliance Officer), Andrew Ferguson (CEO) and Sam Wigg (10 years experience, CFO). The Compliance Officer reports its findings to Board at each of its meetings.

In Zenith's opinion the experience / expertise and diversity of skill set on the Internal Audit Risk and Compliance Committee has diminished having brought it back in-house. Previous members of the External Compliance Committee included individuals with significant aquaculture, compliance, finance and business experience such as Winston Ponder (Marine Scientist 40 years experience), John Barrows (ex Arthur Anderson partner), Peter Woodhead (equity holder & 26 year veteran Chartered Accountant) and Stephen Kirby (16 year experienced Chartered Accountant). Zenith has however been informed by ABA that they are currently seeking an internal compliance officer and intend to appoint a new external compliance committee in due course.

Key External Counterparties

Processing

ABA currently utilises the services of three abalone processing companies depending on the nature of the finished product, Western Abalone Processors, for frozen meat sales, Australian Southern Exporters, for fresh sales, or Dover Fisheries Pty Ltd for canning sales.

Australian Southern Exporters is one of 3 processing and packing operators to be used and its owners are related to Ken Bascomb.

Dover Fisheries is one of 3 processing and packing operators to be used, only in produce which is canned. Dover Fisheries Pty Ltd has 50 members of staff, and has achieved revenues of A\$20 -50 million largely in the export market.

Marketing & Sales

With regard to marketing abalone produced by ABA's projects during 2008 and 2009, at present, the RE states that they currently utilise the services of Western Abalone Processors Pty Ltd (WAP), a company based in Port Lincoln, to sell wholesale processed abalone into Asia in the daily spot market. WAP is the largest exporters of frozen Greenlip abalone meat from Australia, and also produce frozen and canned Blacklip abalone which is exported to Hong Kong, Taiwan, Japan, Singapore and Canada. ABA Director Ken Bascomb is also a Director of WAP.

Angelakis Brothers are an Australian owned and family operated company which is predominately a seafood wholesaler with domestic and international reach as an importer and exporter. Angelakis Brothers is expected to handle all domestic sales of abalone produced by ABA and ABA projects.

Golden Gate Abalone are a US based distributor of ABA. Key principals are co-owners Tom and Meagan Monaghan, who are known to Ken Bascomb.

Financial Position

Zenith's focus on financial analysis centres around the cash flow statements as Zenith believes these are cleaner and not prone to any accounting irregularities. Over the FY2007 to FY2008 period Zenith notes that receipts from customers grew by circa 10% yet payments to suppliers and employees almost doubled. This indicates that ABA invested heavily in its infrastructure in the lead up to MIS sales forecast for 30 June ending 2008. With receipts almost stagnant this suggests actual sales were well behind forecast sales and while this mismatch on expenses and lag in revenues can be rectified, the danger is the capital intensive nature of the business is making it difficult for ABA to recoup their working capital costs and they could be heading for a liquidity squeeze.

To correct this imbalance ABA need to borrow, raise capital or increase MIS sales. The other contributing influence is the fact that ABA has a significant cash balance as at 30 June 2008 (circa \$12.4m) having been cashflow positive from operating activities to the tune of \$4.9m over the financial year.

Management have also indicated to Zenith that in the second half of 2009 they will explore the prospect of launching a fund which sells to investors' production leases and AquafarmsTM in return for an annualised return (largely distribution yield) over a 5 year term. While this would assist ABA in de-risking the capital intensive nature of its infrastructure spend, the importance of 2009 MIS sales is critical in Zenith's opinion to the cash flow health of the operation. To this

extent cash flow forecasts provided to Zenith by ABA show that it must raise a minimum \$13.5m in the 2009 Project to break even from a cash flow perspective. If ABA were to raise only 1/3rd of the maximum it seeks in the 2009 Project (i.e. \$11.6m of \$35m) then it would enter a negative net cash position to the tune of \$4.0 million. Given the uncertainty surrounding the sector, Zenith expect industry wide project sales to be significantly down on 2008 levels and a raising of 1/3rd of target is not unrealistic and if so would mean 2009 would slip 23% on what was raised in 2007.

Cash Flow Statement (000's)			
Year ended 30 June	2008	2007	2006
Receipt from customers	\$18,924	\$16,849	\$4,280
Payments suppliers & employees	-\$12,007	-\$6,765	-\$3,578
Net Cashflow Operating Activities	\$4,930	\$10,084	\$402
Net Cashflow Investing Activities	-\$5,106	-\$1,631	-\$1,722
Net Cashflow Financing Activities	\$1,649	\$0	\$2,578
Cash – beginning period	\$10,951	\$2,497	\$1,239
Cash – end period	\$12,425	\$10,951	\$2,497

Zenith assesses a wide range of key metrics as part of the Product Assessment process. Based on the financial accounts provided by ABA covering the operation since inception, Zenith believes that generally the company is in a stable position going forward although, as discussed, there are some concerns as to the level of funds inflow relating to MIS sales.

From a balance sheet perspective ABA's current and quick ratios have been improving over the past three financial years. Cash ratio (which concentrates only on current assets which are cash) slipped slightly in FY08. ABA leverage ratio, or total liabilities to equity, has remained fairly stable over the period of examination. Working capital (current assets – current liabilities) has improved significantly.

Balance Sheet (000's)			
Year ended 30 June	2008	2007	2006
Current Assets	\$23,768	\$12,936	\$3,850
Non Current Assets	\$7,187	\$3,248	\$2,408
Total Assets	\$30,957	\$16,185	\$6,258
Current Liabilities	\$11,071	\$7,379	\$2,798
Non Current Liabilities	\$1,745	\$0	\$0
Total Liabilities	\$12,817	\$7,380	\$2,798
Net Assets	\$18,140	\$8,805	\$3,459
Leverage ratio	0.71	0.84	0.81
Quick ratio	2.00	1.63	1.03
Cash ratio	1.12	1.48	0.89
Current Ratio	2.15	1.75	1.38
Net Working Capital	\$12,697	\$5,557	\$1,051

Funds & Past Performance

The RE currently has four existing abalone Projects currently operating, with the first offer having been launched in 2005 (wholesale offer). ABA has informed Zenith that the anticipated harvest in 2008 from earlier projects was constrained by a insufficient number of qualified divers on hand to ensure efficient operations and so full scale harvesting was postponed until the following year and operations limited to thinning of non-commercial stocks in the system (about 10% of the total), which were disposed of through the market at a relatively lower price due to their smaller size. This should be compensated for by the increased grow out time of the remaining stock. Zenith believes that this result, while disappointing, was a rational commercial decision and as such does not see this materially impact on our opinion of the Project or the management as a whole going forward.

Existing Projects – Australian Bight Abalone Limited			
Project	Launched	\$ Raised	Operational Status
ABA Project 2005	2005	\$2.5m	First harvesting underway
ABA Project 2006	2006	\$3.9m	First harvesting underway
ABA Project 2007	2007	\$15.225m	First harvesting underway (early growers only)
ABA Project 2008	2008	\$22.225m	Ongoing management operations as outlined
TOTAL		\$43.85m	

Exit Mechanism & Liquidity

The Project is anticipated to have a minimum investment term of approximately 7 years. There is no formal secondary market for interests in the Project. ABA have indicated that where able, they will attempt to facilitate any off market transfers of interests between investors on an as needs basis however this should in no way be relied upon. This investment should be treated as long term and illiquid and as such may not be suitable for all investors.

Finance

Investors in the Project are able to either fund their interests with equity or arrange personal finance on their own recognisance. Any finance sourced through an RE is assumed to be on a full recourse basis, on arms length commercial terms.

Zenith understands that ABA have arranged investor finance for the Project for those who wish to leverage their interests, however Zenith have not made any assumptions in regards to the effects or potential liabilities of financing in their assessment. Any investors should be aware that the use of finance as part of a investment strategy has the potential to magnify both gains and losses.

Cost Structure & Fees

Application fees for an interest in the Project are \$13,827 incl GST. This fee covers the costs for acquisition of the juvenile abalone (spat), cost of the growers Abtrays® and the seeding and settling of the initial production cycle. The application fee also includes the cage rental Fees and RE fees payable for the period up to 30 June 2009.

Following the upfront fee on application, investors will be liable for a series of annual fees relating to management services and cage rental. These fees are levied over the Project term. Annual management fees will be deducted from harvest proceed in the relevant years and will accrue in those years where no harvest is undertaken. Should gross harvest proceeds fail to cover accrued fees, shortfalls may be carries forward. In such instances where there is no harvest in a cycle, or growers harvest proceeds do not meet the sum of the deferred management and the harvest fee for that cycle, Grower are liable for the higher of harvest proceeds or for a maximum contribution of \$1,000 for the first cycle, \$4,000 for the second cycle and \$5,000 for each of the third and fourth cycles (incl GST).

Project cost structure* – Minimum subscription

Application fee	\$13,827
Ongoing Annual Fees	
Annual management fee	\$1,760
Annual cage rental fee	\$1,018
Total annual fee	\$2,778
Other fees	
Harvest fee - 1 st harvest ¹	\$550
Harvest fee – 2 nd harvest ¹	\$1,870
Harvest fee – 3 rd & 4 th harvest ¹	\$3,097
Seedling & settling fees	\$1,898
Sales Incentive Fee	50% of GHP over threshold
Insurance	Optional

¹Incurred after each successive growth cycle, payable from harvest proceeds

Note – All fee are adjusted annually for CPI

*All fees are inclusive of GST

Performance fees will also be payable. On each harvest, 50% of the Gross Harvest Proceeds (GHP) from the sale of the abalone produced (per investors interest) which exceeds;

- \$3,747 for the first harvest;
- \$12,879 for the second harvest;
- \$21,128 for each subsequent harvest.

Based on the RE's current project assumptions as provided to Zenith, triggering of the sales incentive fee would not occur as the threshold levels essentially match the assumed harvest proceeds (i.e. any increase in the material assumptions or resulting cashflows will see performance fees start to be incurred). The structure provides an incentive for the RE to perform and represents a greater level of risk participation as opposed to their previous projects.

Given that the Project is utilising a relatively innovative system and set up costs are expected to be substantially different to land based aquaculture systems, Zenith has not attempted to make a considered analysis of the commercial appropriateness of the cost structure relevant to the Project. At this juncture however, Zenith considers that the costs involved given the nature of the Project show some level of inequality between the RE and growers with the cost benefit for an investor's interest 1.16 (Total Benefit/Total Cost) while the RE's will be 2.1. However, give that the RE is bearing the infrastructure costs and the risks related to those assets, Zenith does not necessarily see this as a significant negative.

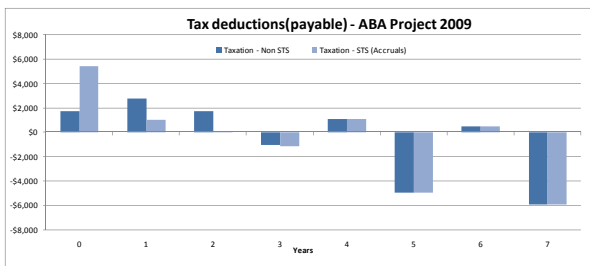
Zenith notes that adviser commissions will be payable to financial advisers and dealer groups. ABA has indicated that it will pay up-front commissions of up to 10% of the application fee. Zenith notes that an up-front commissions of 10% reflects the current average for investments within this sector, however it is significantly higher than the average observed in the mainstream managed funds industry.

The RE will take out public liability insurance with respect to the RE’s own operations. The RE is not required to take out insurance on the abalone, and any such insurance would be at the investor’s expense. ABA have indicated that they will endeavour to aid in sourcing insurance at a growers request. Zenith have made inquiries to ABA regarding the cost of insurance however ABA have indicated that they have not investigated the cost of premiums, so an estimate to the cost is not currently available.

Taxation

Australian Bight Abalone Limited have been granted Product Ruling PR 2009/22 for the Australian Bight Abalone Project 2009, confirming the deductibility of fees relating to an investment in the Project.

Investors are advised to read the Product Ruling in order to determine how the Project applies to their individual circumstances. Based on the deductibility of income, an interest in the Project should carry the following deductions (or payments) based on Zenith’s base case scenario and the RE’s assessment of fee deductibility as submitted to the ATO.



The taxation implications of investing in the Project may vary according to the investment structure adopted by investors and potential changes to the Taxation Act. Zenith have not analysed the implication of the Product Ruling as Zenith believes that this requires specialist legal and taxation knowledge with relation to an individual’s circumstances. It is strongly recommended that investor’s seek/obtain professional and independent financial advice before choosing to purchase units in this or any investment vehicle.

Site Inspection

In May 2009, a representative of Zenith inspected the Project site near Elliston on which projects 2005, 2006, 2007 and 2008 have been established. The leases held by ABI cover an area of 60 hectares. Also inspected was one of the land based hatchery facilities providing abalone spat to the Project. Inspection of the existing infrastructure for the Project in association with review of expert’s opinions, indicated a high quality management regime in evidence, with works ongoing in order to cater for the 2009 Project. Existing abalone at the site have shown excellent levels of growth at a young age at the time of the inspection. The upgraded cage system in use at the site appears to be performing well and management systems have been proactively reducing abalone mortalities.

Zenith has reviewed the physical aspects of the site in relation to the production aims of the Project. Based on the physical production parameters of successful greenlip abalone production, Zenith is of the opinion that the site represents a high quality location which is eminently suitable to the aims of the Project. Zenith has reviewed information relating to the following physical aspects of the Project;

- Water quality and exchange rates;
- Ocean temperature ranges;
- Natural algae growth;
- Prevailing weather movements.

The greatest risk factor on site is the incidence of violent storms which tends to be inherently problematic to aquaculture operations, however Zenith is of the opinion that ABA have undertaken sufficient measures to mitigate this risk in keeping with the technology available to date.

Due Diligence

Zenith Investment Partners Pty Ltd (Zenith) was engaged by **Australian Bight Abalone Limited** to undertake this Product Assessment for a fixed fee established prior to its commencement. Zenith advises that in the compilation of this Assessment, full due diligence on this offer has not been conducted. Investors are strongly advised to consult the relevant offer document, conduct their own inquiries and receive professional advice from a licensed financial advisor. This Product Assessment was not prepared to form any part of any offer document.

Zenith has relied upon information contained in the Product Disclosure Statement. Zenith has also carried out its own independent inquiries. A representative of Zenith has inspected the site currently under management and met representatives of the RE. There were no issues apparent from a physical inspection of the site, or from discussions with the RE, that would have a detrimental impact on an investment in the Project, other than those identified in the offer document or other material received or identified in this report.

In reviewing this Project Zenith has received copies of the following documents:

- Product Disclosure Statement dated 27 May 2009
- ATO Product Ruling PR 2009/22
- Annual consolidated accounts for Australian Bight Abalone Ltd 2006, 2007, 2008
- CVs of key personnel
- Copies of material agreements
- Compliance plan
- Constitution (DRAFT)
- Management agreement (DRAFT)
- Aquaculture & Cage Rental Agreement (DRAFT)
- Disease & Emergency Response Policy
- Disease & Prevention and Translocation Protocols
- ABI Aquaculture license AQ00029
- ABI Aquaculture Production lease LA00174
- ABA Project 2009 financial model
- ABA PI Insurance policy
- Harvest procedures audit – Pitcher Partners 2009

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ANALYST CERTIFICATION & DISCLOSURE: Analyst remuneration is not linked to the rating outcome. Analysts do not hold the products under review, unless disclosed. Any interests held must be disclosed and insufficiently material to compromise the rating or advice. The Analyst certifies that the views expressed in the Product Assessment accurately reflect their personal, professional opinion about the financial product to which this Product Assessment refers.

RATINGS METHODOLOGY: The Zenith Product Assessment process utilises a proprietary research model developed specifically for the assessment of managed investment schemes. Zenith analyses a wide range of specific factors of an investment and undertake in-depth meetings with all management entities involved to derive its opinion. Methodologies involve a comprehensive, multi-dimensional selection process through rigorous qualitative and quantitative analysis. As a dedicated provider of managed funds research, Zenith is completely objective in its selection process. This process allows Zenith to identify those investment managers and products which represent "best of breed" in the industry.

Each Fund rated under the Zenith Product Assessment is scored as follows;

Rating	Score
Highly Recommended	=/> 80%
Recommended	70% - 79%
Approved	55% - 69%
Not Approved	<55%

HIGHLY RECOMMENDED: Only a small number of funds achieve a Highly Recommended rating. These products represent Zenith's high conviction of the ability of the investment to achieve its goals over the timeframe and high conviction in the abilities of management to achieve these goals and effectively manage internal and external risk factors.

RECOMMENDED: Recommended products are deemed strong investments within their respective asset class. These products represent Zenith's strong conviction of the ability of the investment to achieve its goals over the timeframe and strong conviction in the abilities of management to achieve these goals and effectively manage internal and external risk factors.

APPROVED: Approved products are deemed above investment grade investments within their respective asset class. Approved candidates meet the necessary criteria to be eligible for assessment and sufficient potential to achieve its goals, however weakness in one or more key areas creates sufficient uncertainty in investment outcomes to prevent the product attaining a higher rating.

NOT APPROVED: The large majority of those managers/products rated "Not Approved" do not pass the initial quantitative and qualitative risk filters. A smaller percentage of managers are also culled following the interview process which involves face-to-face meetings with key personnel.

NOTE: Unlike Zenith's ratings for other asset classes within managed funds, ratings for fixed term illiquid products including fixed term unlisted property funds and agribusiness products do not include a "Redeem" rating as part of the ratings scale.