

SUPPLEMENTARY PROSPECTUS DATED 18 NOVEMBER 2009 WHICH SUPPLEMENTS AND SHOULD BE READ IN CONJUNCTION WITH THE PROSPECTUS ISSUED BY ABALONE INVESTMENT LTD ACN 140 313 926 DATED 3 NOVEMBER 2009

Introduction:

The information below is provided to assist growers considering the acceptance of shares in the above company.

Key Financial Assumptions (refer to page 18 of the Prospectus)

1. The financial projections include minimum recapitalisation monies of \$5,000,000 to be received from growers before 30 June 2010. The actual amount owing by growers is approximately \$6,500,000 along with further fees of \$2,600,000 owing by 2008 growers. The growers group expects to receive monies owing from growers under this proposal or to subsequently collect those amounts.
2. The harvest projections for the years 2011 to 2015 assume a conservative rate of A\$35.00 per kilo for each of these years. Sales from the most recent harvest have been made at a rate of A\$40.00 per kilo or greater for ABA's greenlip abalone. A more conservative rate has been applied for the projections in order to accommodate for any potential market weakness or exchange rate movements. It is believed that this rate is most conservative based on recent market sales in excess of that amount.
3. The mortality of seeding is assumed at 50% for 2012 harvest (assumes 2008 seeding is reduced to 2,200,000 abalone from initial seeding of almost 6 million – grower and company stock). It is believed that the mortality can be reduced further to 40% for the 2013, 2014 and 2015 harvests. Recent sampling of stock indicates that the 2008 abundance is between 2.5 to 3 million and these are already almost 17 months in the water.

These mortality estimates are after 15% mortality has been taken from stock as a result of transport and seeding between the hatchery and sea cages. Management believe that improved husbandry and feeding arrangements over the last 12 months have demonstrated a significant improvement in controlling mortalities and the issues are more fully understood. This is supported by the SARDI report evidence.

4. Seeding for the 2009/2010 year will be approximately 3,000,000 spat and this has already been negotiated. Seeding of stock will no longer be conducted under the constraints of an MIS regime in the current and future years and this we believe will contribute to improved abalone survival. It is anticipated that 4 million spat will be seeded in 2011, 5 million in 2012 and 6 million every year thereafter in order to fully use the existing sea cage infrastructure. Arrangements for the current year are expected to be finalised before the end of the November and negotiations for future spat supply are well advanced.
5. It is assumed that the average harvested weight of each abalone will be 150 grams. This assumes a shell size of between 100mm and 110mm. There has already been abalone harvested from this site in excess of that size and weight. Proposed alterations to the number of abalone per sea cage and the feeding regime suggest that this proposed average weight can be successfully achieved across all sea cages. The biomass abundance in each cage and food conversion ratio (FCR) analysis supports these assumptions.

The above further explanatory notes need to be read in conjunction with the Prospectus dated 3 November 2009 including the notes on mortality estimates referred to in Item 4, Financial Information, on page 17 of the Prospectus.

Directors' statement

To the best of the knowledge and belief of the directors (who have taken all reasonable care to ensure that such is the case), the information contained in the Prospectus, when combined with this Supplementary Prospectus, is in accordance with the facts and does not omit anything likely to affect the accuracy of such information.

This Supplementary Prospectus has been signed by Paul Kelly, a director of Abalone Investment Ltd pursuant to Section 351 of the *Corporations Act 2001*.

Each director of Abalone Investment Ltd consents to the lodgement of this Supplementary Prospectus with ASIC.

Paul Kelly
Director
Abalone Investment Ltd