

ATLAS

PEARLS

ASX Release
June 13, 2018

SOARING PRICES FOR ATLAS PEARLS IN JAPAN

Atlas Pearls Ltd (ASX:ATP) (“Atlas” or “the Company”) is pleased to report a positive outcome at its latest private pearl auction held in Kobe, Japan on June 5 and 6, 2018, generating a total revenue of \$2.4 million for the Company.

“The auction was well attended, and bidding was very competitive with a well-balanced spread of successful buyers. 111 lots of the 140 lots of loose pearls on offer sold for an average estimated 15% higher prices compared to 6 months ago” said Tim Jones, Atlas Distribution Manager. “Good shape white and silver pearls enjoyed the highest bids, indicating a shortage of merchandise in this category by the trade” he added.

Atlas is among the few suppliers in the market for this category of pearls and engaged early on with key players in the market who also anticipated a potential shortage. As previously announced, the Company has agreed to grant privileged access to specific harvests to 2 prominent traders against 12 months unsecured loans which in turn would help the farmer better schedule its harvests and selling events. Both “farmer partners” confirmed their support for next financial year 18/19.

“We believe the other pearl producers went through the same environmental issues that held the growth of our oysters and pearls back this year” said Pierre Fallourd, Atlas Pearls Managing Director. “The Company has invested significantly in growing the business and engaged in various reforms towards pearl quality improvement in the past 3 years. Good quality pearls are and should remain a rare commodity, so it is very pleasing in those challenging times to see buyers and suppliers come up with mutually beneficial solutions” he added.

Atlas’ banking partner NAB also acknowledged the on-going efforts of the Company to further strengthen its value chain and distribution by extending its overdraft facility from its current \$1M to 1.5M effective June 2018.

SUBSIDIARY BUSINESS UPDATE

Atlas announced on 20 April 2018 that their 50% owned subsidiary Essential Oils of Tasmania Pty Ltd (EOT) “...is reviewing its strategic options around the growing and extraction of native, second grade and high value crops such as Kunzea, Cherries and Medical Cannabis”. EOT and its 50% Joint Venture partner in Cannabinoid Extracts Australia Pty Ltd (CEA) could not secure a satisfactory joint path forward, despite extensive negotiations over the past few months. Consequently, EOT has initiated the 90-day termination clause from the Service Agreement with CEA. The joint venture arrangements were initially announced to the ASX on 28 August 2017.

EOT’s interest in the medical cannabis space remains strong and the company will continue to explore alternative business strategies.

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“EOT and Atlas have both engaged in sound and ambitious commercially driven growth strategies around their respective core businesses.” said Geoff Newman, Atlas Chairman. “Over the years, both organisations have nurtured value adding capabilities and may consider engaging into other markets or businesses when the time is right, but the priorities now are profitability and sustainability” he concluded.

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ABOUT ATLAS PEARLS LTD

Atlas Pearls Ltd (ASX: ATP) is an Australian listed pearling business with core operations in Indonesia established in 1992. Atlas has earned an enviable reputation as a world leading pearl producer of “the queen of all gems”, the South Sea pearl, specialising in high quality white and silver pearls. Atlas operates pearl farms spread across the Indonesian archipelago, including Bali, Flores, and West Papua. Atlas is a fully integrated business including hatchery, seeding, harvesting, grading, trading, design and manufacturing capabilities to sell directly to customers through wholesale partners and via its retail outlets.

The Company is also involved in the production and transformation of essential oils as well as other plant grown active ingredients extraction and value adding via its Tasmanian based 50% owned subsidiary Essential Oils of Tasmania (EOT).

Atlas Pearls has been involved since its inception in managing active community relationships in Indonesia in the areas of environment protection, education and alternative livelihood programs.

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