

Pearl Signs Milestone Supply Agreement

Highlights

- Revenue of \$75 per ton to be received by Pearl (“gate fee”)
- Supplier’s emphasis on shredding end of life OTR tyres

Pearl Global Limited (Pearl) (ASX:PG1), a revolutionary tyre processing company that is advancing rapidly towards commercial scale production, is pleased to provide the following update.

Pearl, through its wholly-owned subsidiary Rubber Reclamation Industries Pty Limited, has entered into a non-exclusive Supply Agreement with Australian Tyre Processors Pty Ltd (ATP or Supplier), whose management have retail and sales experience in OTR trading and logistics.

OTR tyres is an industry term for large truck, earthmover and mining tyres and therefore typically used “off the road”. Disposing of OTR tyres is considered one of the industry’s biggest challenges. The Supplier will focus its business on sourcing whole OTR tyres from multiple businesses and councils that are required to dispose of used OTR tyres and process these tyres by shredding them into a suitable size for the Pearl operation.

Material Terms of the Supply Agreement

Material terms of the agreement are:

- Supplier will supply Pearl feedstock for its operations and Pearl shall receive a minimum gate fee of \$75 per ton from the Supplier;
- Pearl has an option to acquire the Supplier’s business as well as a right of first refusal and a right of last refusal in the event the Supplier proposes to undertake a sale of all or substantially all of its shares or assets, the terms of which are to be agreed between Pearl and the Supplier; and
- term of agreement is for 3 years but may be extended by mutual agreement.

Managing Director of Pearl, Mr Andrew Drennan said that *“whilst Pearl has the ability to be in the shredding business, our management team is currently focussed on our commercial operations which treats end-of-life tyres domestically; in a sustainable way. Our attention is purely on high value outputs from the shredded material, not shredding itself as an activity.”*

As part of the contract with ATP, Pearl has agreed a reduced gate fee of \$50 per ton for the first 90 days to enhance the relationship between the parties. Income from the supply agreement will begin upon the completion of the commissioning process and in line with Pearl providing the Supplier its first 3 monthly delivery schedule.

Chairman, Mr Gary Foster said that *“this is a milestone event for the business, but importantly shows we have a very unique business model, in that we earn revenues before we commence making our liquid hydrocarbons, carbons and steel. When the feedstock income is received it creates an immediate revenue earner as we receive it ready to process.”*

Pearl shall continue to keep the market updated on its activities.

About Pearl

Pearl Global Limited (Pearl) is a revolutionary tyre processing company that applies unique, next generation thermal desorption technology to cleanly convert tyres into valuable secondary products. Pearl has Australia's first and only environmental approvals for the thermal treatment of rubber, and is in the process of commissioning its first commercial scale production plant in Stapylton, Queensland.

Pearl's technology is a significant advancement on other methods of processing waste tyres because it has low emissions, no hazardous by-products, requires no chemical intervention and is the only process that meets the standard emissions criteria set by the Australian regulators for this type of technology.

Tyres are not naturally degradable, with tyre fires¹ and pollution² becoming major causes for concern. Governments are increasingly seeking solutions for dealing with the waste, and Pearl's technology provides a clean solution to this global problem.

About Australian Tyre Processors Pty Ltd

Australian Tyre Processors Pty Ltd (ATP) shred tyres for sustainable secondary processing. ATP has entered agreements with various councils and businesses ("Tyre Providers") in NSW and QLD to be paid to receive their end of life tyres.

ATP has also secured an offtake agreement with scalable EPA approved tyre processor in ASX-listed Pearl Global Limited to take the tyre-shred.

Further information

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¹ Tyre fires a major hazard [ABC News 28 June 2017 re Tyre Fire Rocklea](#)

² A global pollution problem [Report on tyre recycling and California smog problem](#)