



ASX Release  
21 October 2019

**Atlas Pearls: Annual General Meeting**  
**Chairman's Address**

It has been 25 years since Atlas opened its first pearl farm.

Atlas commenced a five-year growth plan in FY2016 and since that time production has increased 61% from 293,257 pearls in FY2015 to 473,287 in 2019.

Unfortunately, nacre growth and resulting average pearl size did not meet expectations this year, calling for further structural and operational adjustments.

Team driven efficiencies and productivity gains along the value chain allowed the Company to contain operating expenses at the same level as FY2018 in spite of a larger biomass and increased number of pearls to harvest, grade and bring to market.

Pearl trading remained stable for white South Sea Pearls.

Atlas held four private auctions in Kobe, Japan and 3 private sales events in Hong Kong.

Key achievements for the year are:

- Confirmed oyster survival rate allows the company to select the best oysters for seeding;
- Sustained post-operation retention allows for a more efficient use of available resources; and
- Collaboration with trade partners and stable prices reflect sustained demand.

**Restructure update**

Former CEO Mr. Pierre Fallourd left the Company in September 2019. Pierre had been with the Company since November 2013 when he joined as the Vice President Pearling before being promoted to position of Chief Executive Officer in November 2014 and subsequently appointed to the Board in January 2016. Mr. Fallourd has been instrumental in rolling out Atlas' 'cradle to cradle' strategy of extracting and maximising all aspects of the pearl.

Mr. Geoffrey Newman has agreed to increase his responsibilities and step into the role as Executive Chairman having been part of the Atlas Board since October 2010 and Chairman since 2015. Mr. Newman brings broad skill set including experience in strategic leadership, transaction negotiations and agriculture and aquaculture industry knowledge.

**Operational Update**

Over the past four years Atlas Pearls implemented operational changes to;

- Increase oyster survival;
- Increase harvest quantities; and
- Decrease unit production costs.

Although the year ended 30 June 2019 yielded promising oyster survival rates and harvest quantities, the small size of pearls continues to challenge revenue results and profitability.

For more information please visit: [www.atlaspearls.com.au](http://www.atlaspearls.com.au) or contact

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# ATLAS

## PEARLS

Important positives have materialised during the year including:

- An understanding of the factors that have caused the decreasing pearl value;
- Confirmation of the Company's ability to harvest increased quantities of pearls whilst decreasing unit production costs; and
- Continuing strong market demand for high quality South Sea Pearls particularly in the white and silver colours in which Atlas excels.

Atlas is looking at strategic options to ensure a path to profitable operations from increased pearl sizing.

The Board is confident that the successful implementation of operational changes will provide the Company with a solid foundation to spring-board into future profitability. Importantly, we would like to thank all shareholders for their support as we continue to build a turnaround.

### **Essential Oils of Tasmania Update**

Atlas Pearls' 50% joint venture Essential Oils of Tasmania ("EOT") made progress in expanding the range of services and products offered domestically and internationally. Tasmanian products are continuing to receive international interest which is a strong reflection of the high-quality goods produced from the region. The Board continues to explore several prospective paths forward.

**END**

### **ABOUT ATLAS PEARLS LTD**

Atlas Pearls (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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