

ASX Announcement
17 April 2015

ATLAS SELLS SUBSIDIARY COMPANY

Atlas Pearls and Perfumes Ltd (ASX: ATP) ("Atlas") is pleased to announce that its fully owned subsidiary Essential Oils of Tasmania Pty Ltd ("EOT") has signed a term sheet for the sale of its interests in its fully owned subsidiary Cannabinoid Extracts Australia Pty Ltd ("CEA").

CEA was established by EOT for the purpose of manufacturing cannabinoid extracts for therapeutic end use. EOT and CEA have applied for licences from both the Tasmanian and Federal Governments to grow, manufacture and process Industrial Hemp for the production of cannabidiol (**CBD**), a cannabinoid with significant therapeutic potential.

As part of refocussing on its core business, the decision was made to sell CEA to allow a faster route to market and also to ensure EOT focusses on its growing and extraction capabilities, which are considered its prime expertise.

The proposed purchaser of CEA is Capital Mining Limited (ASX: CMY) ("CMY").

Atlas CEO, Pierre Fallourd, said:

"As experts in agribusiness, the sale of CEA will allow us to focus on growing and extracting bio-actives, flavours and fragrances which are considered to be of the highest quality internationally and are generating solid revenues for EOT and Atlas."

Climatic conditions make Tasmania an ideal location to cultivate Industrial Hemp for cannabinoid extraction for therapeutic end use. While other parties are already growing Industrial Hemp for the fibre industry in Tasmania, CMY will use its best endeavours to support EOT being the preferred grower in Tasmania of Industrial Hemp containing optimum concentrations of CBD, on commercial terms that are in the best interests of both parties.

CMY, a mining exploration company, has recently changed its business strategy to specialise in medical cannabis. CMY has recently entered into agreements to acquire a stake in Broken Coast Cannabis Ltd, a Canadian licensed medical marijuana company, and Nutrawerx Inc., a US hemp-based products company, and is now seeking to acquire Cannabinoid Extracts Australia Pty Ltd. This latest proposed acquisition will further allow CMY to expand its mandate in seeking new acquisitions and business opportunities.

The terms of the transaction with CMY will provide EOT with an unconditional AUD \$125,000 cash injection 60 days from signing of the term sheet, and an additional AUD \$125,000 upon CEA successfully obtaining licences to grow, manufacture and process Industrial Hemp from both the Tasmanian and Federal Governments. Upon successfully obtaining the CEA licences, EOT will also receive 500,000 shares at 20 cents and 500,000 free attaching options in CMY at an exercise price of \$0.30 per option. EOT will also recoup from CMY legal fees of AUD\$51,923.53 expended to date towards the licence applications. CMY will provide further funding to advance the licence applications for CEA.

"Our innovative intellectual property, which already enables us to extract essential oils, flavours and bio-actives from botanicals, will now be made available for the processing of Industrial Hemp to manufacture cannabinoid extracts for therapeutic end use" said Mr Fallourd.

**ABOUT ATLAS PEARLS AND PERFUMES LTD**

Atlas Pearls and Perfumes ("Atlas") is an Australian based pearling and perfume business established in 1992. Atlas has earned an enviable reputation as a world leading pearl producer of "nature's most precious gift", the South Sea pearl, specialising in highly sought after white and silver pearls. Atlas operates pearl farms spread across the Indonesian archipelago, including Bali, Flores, and West Papua. Atlas is a fully integrated pearling business. The Company has its own high quality grading and loose pearl distribution business, a jewellery manufacturing capability and sells direct to customers through wholesale partners and via its retail outlets. In 2012, the Company expanded its operations into perfumes and is currently developing a range of propriety products which include pearl powder (cosmetics and nutraceuticals), pearl proteins (cosmetics), pearl volatiles and boronia (perfumes) for supply into the global luxury supply chain.

For more information please visit: www.atlaspearlsandperfumes.com.au

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