



ABN 32 009 220 053

NOTICE OF ANNUAL GENERAL MEETING, EXPLANATORY MEMORANDUM AND PROXY FORM

Date of Meeting: 30 May 2012

Time of Meeting: 2:30 pm (AWST)

Place of Meeting: Perl'eco
47-49 Bay View Terrace
Claremont Western Australia

What action you need to take

1. Read the meeting documents

1.1 The following meeting documents set out important details of the resolutions that will be put to Shareholders at the Annual General Meeting of Atlas South Sea Pearl Limited.

1.2 You should read **all of** the documents carefully.

2. Consider how you will vote

2.1 Your vote is important.

2.2 If you are in doubt as to how you should vote, you should seek independent advice from your accountant, solicitor or other professional advisor prior to voting.

3. Entitlement to Vote

3.1 In accordance with Regulation 7.11.37 of the Corporations Act, the Board has determined that a person's entitlement to vote at the Annual General Meeting will be the entitlement of that person set out in the Register of Shareholders as at 5:00pm (AWST) on Monday 28 May 2012.

3.2 Persons entitled to vote at the Annual General Meeting may vote by attending the Meeting in person, by proxy, or by an authorised representative.

4. Voting in Person

To vote in person, attend the Meeting on the date and at the place set out above. Shareholders are asked to arrive at the venue 30 minutes prior to the time designated for the Meeting, if possible, so that the Company may check their shareholdings against the Company's Share Register and note attendances.

5. Voting by Proxy

Appointment of a proxy

5.1 Each Shareholder is entitled to appoint a proxy. Details on how to vote by proxy are set out in the accompanying Proxy Form and below.

5.2 Recent changes to the law have impacted on the way proxies vote at company meetings. Broadly, these changes include that:

- (a) if a proxy holder votes, they must cast all directed proxies as directed; and
- (b) any directed proxies which are not voted will automatically default to the Chairman who must vote the proxies as directed.

For further details on these changes you should consult your professional adviser.

5.3 Proxy Forms must be received by the Company before 2.30pm (AWST) on Monday 28 May 2012. Proxy Forms received later than this time will be invalid.

5.4 A Proxy Form is attached to this Notice of Meeting and to be effective must be lodged with the Company:

- (a) at 47- 49 Bayview Terrace Claremont, WA 6010;
- (b) by post to PO Box 1048 Claremont WA 6910; or
- (c) by facsimile on +61 (08) 9284 3031.

How the chairman of the meeting will vote undirected proxies

5.5 The Chairman will vote undirected proxies in favour of Resolutions 1, 2 and 3. In respect of Resolutions 4, 5, 6, 7 and 8, Shareholders should refer to the information immediately below in relation to proxy votes for these resolutions.

Important information concerning proxy votes for resolutions 4, 5, 6, 7, 8 and 9

5.6 The Corporations Act now places certain restrictions on the ability of Key Management Personnel and their closely related parties to vote on the advisory resolution to adopt the Remuneration Report and resolutions connected directly or indirectly with the

remuneration of the Key Management Personnel. In summary, Key Management Personnel are the Directors of the Company and those other persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. The Remuneration Report identifies the Key Management Personnel for the financial year ended 31 December 2011. Their closely related parties are defined in the Corporations Act, and include certain of their family members, dependants and companies they control.

- 5.7 For these reasons, Shareholders who intend to vote by proxy should carefully consider the identity of their proxy and are encouraged to direct their proxy as to how to vote on all resolutions.
- 5.8 In particular, Shareholders who intend to appoint the Company's Chairman as their proxy (including an appointment by default) are encouraged to direct the Chairman as to how to vote on all resolutions by marking either the 'for', 'against' or 'abstain' box in the proxy form.
- 5.9 If you do appoint the Chairman as your proxy but you do not direct the Chairman how to vote in respect of any of Resolutions 4, 5, 6, 7, 8 or 9, then you must mark the box indicated on the proxy form if you wish the Chairman to exercise your proxy vote in respect of those resolutions. Marking this box will constitute an express authorisation by you directing the Chairman to vote your proxy in favour of all of Resolutions 4, 5, 6, 7, 8 or 9 (unless you have exercised your right to direct the Chairman otherwise by marking the 'against' or 'abstain' column in respect of any of the relevant resolutions).
- 5.10 This express authorisation acknowledges that the Chairman may vote as your proxy even if he or she has an interest in the outcome of Resolutions 4, 5, 6, 7, 8 or 9 and that votes cast by the Chairman for these resolutions, other than an authorised proxy holder, will be disregarded because of that interest.
- 5.11 If you do not mark this box and you have not directed the Chairman on how to vote, the Chairman will not cast your votes on Resolutions 4, 5, 6, 7, 8 or 9 and your votes will not be counted.

6 Corporate Representatives

- 6.1 Anybody corporate wishing to appoint a person to act as its representative at the Annual General Meeting may do so by providing that person with the certificate of appointment executed in accordance with section 250 of the Corporations Act, or a copy of the resolution by its directors or other governing body authorising the person to act as the corporate Shareholder's representative at the Meeting.
- 6.2 The certificate of appointment must be lodged with the Company by no later than 2.30 pm (AWST) 28 May 2012 before the Annual General Meeting or at the registration desk on the day of the Meeting.
- 6.3 Certificates of appointment of corporate representatives are available at www.computershare.com or on request by calling Computershare Investor Services on +61 1300 557 010.

7 Key Dates

Event	Date
Date and time for determining eligibility to vote	Monday 28 May 2012 at 5.00pm (AWST)
Deadline for lodgement of Proxy Forms	Monday 28 May 2012 at 2.30pm (AWST)
Date of Annual General Meeting	Wednesday 30 May 2012 at 2:30pm (AWST)

8 Queries

If you have any queries about any matters contained in these meeting documents, please call the Company Secretary, Stephen Gleeson on +61 (08) 9284 4249.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS GIVEN that the Atlas South Sea Pearl Limited (**Company**) Annual General Meeting of Shareholders will be held at Perl'eco, 47-49 Bay View Terrace, Claremont, WA on 30 May 2012 commencing at 2.30 pm (AWST).

AGENDA

Report by Chair and Chief Executive Officer

BUSINESS

1. Annual Accounts and Reports

To receive and consider the Annual Financial Report, the Directors' Report and the Audit Report for the financial year ended 31 December 2011.

2. Resolution 1 – Re-Election of Director – Dr Joseph Taylor

To consider, and if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, Dr Joseph Taylor who retires by rotation in accordance with Rule 3.6 of the Company's Constitution and Listing Rule 14.4 and, being eligible, offers himself for election, be re-elected as a Director.”

3. Resolution 2 – Approval of issue of Shortfall Shares

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*“That for the purposes of Listing Rule 10.11 and for all other purposes, Shareholders approve the allotment and issue of 2,843,755 Shares (**Shortfall Shares**) to Mr Stephen Birkbeck (or his nominee), on the terms set out in the Explanatory Memorandum.”*

4. Resolution 3 – Approval of issue of Placement Shares

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*“That for the purposes of Listing Rule 7.1 and for all other purposes, Shareholders approve the allotment and issue of 2,500,000 Shares (**Placement Shares**) to Mr Stephen Gleeson or his nominee, on the terms set out in the Explanatory Memorandum.”*

5. Resolution 4 – Approval of Salary Sacrifice Plan

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*“That for the purposes of Listing Rule 7.2 Exception 9(b) and for all other purposes, Shareholders approve the terms of and grant of Shares under the Company's Employee Salary Sacrifice Share Plan (**Salary Sacrifice Plan**).”*

6. Resolution 5 – Approval of grant of Shares to Mr Stephen Birkbeck under the Salary Sacrifice Plan

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That for the purposes of with Listing Rule 10.14 and for all other purposes, Shareholders approve the grant of 1,000,000 Shares to Mr Stephen Birkbeck, under the Salary Sacrifice Plan, on the terms set out in the Explanatory Memorandum.”

7. Resolution 6 – Approval of grant of Shares to Ms Kristie Birkbeck under the Salary Sacrifice Plan

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That for the purposes of with Listing Rule 10.14 and for all other purposes, Shareholders approve the grant of 120,000 Shares to Ms Kristie Birkbeck, under the Salary Sacrifice Plan, on the terms set out in the Explanatory Memorandum.”

8. Resolution 7 – Approval of Non-Executive Director Fee Sacrifice Share Plan

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That for the purposes of section 195(4) of the Corporations Act and Listing Rule 7.2 Exception 9(b) and for all other purposes, Shareholders approve the terms of and grant of Shares under the Company’s Non-Executive Director Fee Sacrifice Share Plan (NED Plan).”

9. Resolution 8 – Approval of grant of Shares to Non-Executive Directors under the NED Plan

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That for the purposes of section 195(4) of the Corporations Act and Listing Rule 10.14 and for all other purposes, Shareholders approve the grant of up to 10,000,000 Shares, under the NED Plan, on the terms set out in the Explanatory Memorandum.”

10. Resolution 9 – Adoption of Remuneration Report

To consider and, if thought fit, to pass, with or without amendment, the following resolution as a **non-binding resolution**:

“That, for the purposes of section 250R(2) of the Corporations Act and for all other purposes, approval is given for the adoption of the Remuneration Report as contained in the Company’s Annual Financial Report for the financial year ended 31 December 2011.”

VOTING PROHIBITIONS

Under the Corporations Act, the following people are prohibited from voting on the respective Resolutions:

Resolution	Persons prohibited from voting
Resolution 4 – Approval of Salary Sacrifice Plan	A person appointed a proxy must not vote on the basis of that appointment, if:
Resolution 5 – Approval of grant of Shares to Mr Stephen Birkbeck under the Salary Sacrifice Plan	(a) the proxy is either: (i) a member of the Key Management Personnel; or
Resolution 6 – Approval of grant of Shares to Ms Kristie Birkbeck under the Salary Sacrifice Plan	(ii) a closely related party of a member of the Key Management Personnel; and
Resolution 7 – Approval of NED Plan	(b) the appointment does not specify the way the proxy is to vote on Resolution 4, 5, 6, 7 or 8 (as relevant).
Resolution 8 – Approval of grant of Shares under the NED Plan	However, the above prohibition does not apply to a particular resolution if: (c) the proxy is the chairman of the meeting; and (d) the appointment expressly authorises the chairman to exercise the proxy in respect of that resolution even if the resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.
Resolution 9 – Adoption Remuneration Report	A vote must not be cast (in any capacity) by or on behalf of either of the following persons: (a) a member of the Key Management Personnel, details of whose remuneration are included in the Remuneration Report; or (b) a closely related party of such a member. However, a person described above may cast a vote on Resolution 9 if: (c) the person does so as a proxy appointed by writing that specifies how the proxy is to vote on the proposed Resolution 9; and (d) the vote is not cast on behalf of a person described in the paragraphs a) or b) above.

VOTING EXCLUSION STATEMENTS

Under Listing Rule 14.11, the Company will disregard any votes on the respective Resolutions cast by or on behalf of the following persons:

Resolution	Persons excluded from voting
Resolution 2 – Approval of issue of Shortfall Shares	Mr Stephen Birkbeck and any person who might obtain a benefit, except a benefit solely in the capacity of holder of Shares, if the resolution is passed, and associates of Mr Birkbeck or those persons
Resolution 3 – Approval of issue of Placement Shares	Mr Stephen Gleeson and any person who might obtain a benefit, except a benefit solely in the capacity of holder of Shares, if the resolution is passed, and associates of Mr Gleeson or those persons
Resolution 4 – Approval of Salary Sacrifice Plan	In each case, a Director and an associate of a Director (except a Director who is ineligible to participate in any Employee incentive scheme of the Company or any associate of such Director)
Resolution 5 – Approval of grant of Shares to Mr Stephen Birkbeck under the Salary Sacrifice Plan	
Resolution 6 – Approval of grant of Shares to Ms Kristie Birkbeck under the Salary Sacrifice Plan	
Resolution 7 – Approval of NED Plan	
Resolution 8 – Approval of grant of Shares under the NED Plan	
Exceptions to each of the above voting exclusions	However, the Company need not disregard a vote if: <ul style="list-style-type: none">(a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or(b) it is cast by the Chairman of the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy for to vote as the proxy decides.

By Order of the Board



Stephen Gleeson
Company Secretary
30 April 2012

ATLAS SOUTH SEA PEARL LTD
ABN 32 009 220 053

EXPLANATORY MEMORANDUM

This Explanatory Memorandum has been prepared to assist Shareholders with their consideration of the resolutions proposed for the Annual General Meeting of the Company to be held at Perl'eco, 47-49 Bay View, Claremont, Western Australia at 2.30pm (AWST) on Wednesday 30 May 2012.

FINANCIAL STATEMENTS AND REPORTS

In accordance with the Constitution, the business of the Annual General Meeting will include receipt and consideration of the Annual Financial Report of the Company for the financial year ended 31 December 2011 together with the declaration of the Directors, the Directors' Report, the Remuneration Report and the Auditor Report.

There is no formal resolution to be put in respect of this matter. However Shareholders will be given the opportunity to make comments and ask questions of the Board and the Auditors in respect of the report. In addition Shareholders are able to submit questions to the Company for the Auditor prior to the meeting. The list of any such questions will be presented at the meeting for discussion and response.

RESOLUTION 1 – Re-election of Dr Joseph Taylor

Background

Resolution 1 seeks Shareholder approval for the re-election of Dr Joseph Taylor as a Director of the Company. In accordance with Company's Constitution and the Listing Rules, Dr Taylor retires at the Annual General Meeting. Dr Taylor, being eligible for re-election at the Annual General Meeting, offers himself for re-election as a Director.

Dr Taylor is a marine biologist and aquaculturist whose PhD research specialised in the husbandry of *Pinctada maxima* pearl oysters. Since 1989, Dr Taylor has been involved in the management of aquaculture operations, mainly associated with South Sea pearl farming. He has acquired extensive knowledge about the biology of pearl oysters and has presented many research papers on this subject. Dr Taylor commenced employment with the Company in 1996 as the Project Manager and has overseen the development of the business to its current level of production.

Dr Taylor is a Non-Executive Director and a member of the Audit Committee. He has not been a director of other listed companies in the last three years.

Dr Taylor was appointed as a Director on 13 September 2000 and was Managing Director from 31 August 2001 to 1 June 2009. He was last re-elected as a Director on 31 May 2010.

Directors' Recommendation

Dr Taylor has an interest in Resolution 1 and refrains from making any recommendation as to how Shareholders should vote on the Resolution. The Company's remaining Directors recommend that Shareholders vote in favour of Resolution 1, and each of those Directors intends to vote all the Shares controlled by him or her in favour of the resolution.

RESOLUTION 2 – Approval of issue of Shortfall Shares

Background

On 6 February 2012, the Company announced a rights issue (**Rights Issue**) pursuant to which eligible Shareholders were given the opportunity to subscribe for 1 new Share (**New Share**) in the Company for every 1.7 ordinary Shares in the Company held at 5.00pm (AWST) on 20 February 2012.

The Rights Issue closed on 16 March 2012 with Shareholders subscribing for 76,347,420 New Shares at an issue price of 5 cents per Share raising \$3,817,371. As part of the Rights Issue, the Directors reserved the ability to issue any Shortfall Shares not subscribed for under the Rights Issue within 3 months of the closing date on the same terms as the Rights Issue.

The shortfall amounted to 7,686,755 Shares. The Directors have issued 4,843,000 Shares to Jingie Investments Pty Ltd and Coakley Pastoral Co Pty Ltd and are seeking approval under this Resolution 2 to issue the remaining 2,843,755 Shares (**Shortfall Shares**) to Mr Stephen Birkbeck (the Executive Chairman of the Company) or his nominee. The issue of the Shortfall Shares will raise \$142,187.75 (before costs) and will be on the same terms as the Rights Issue.

The subscription amount for the Shortfall Shares will be satisfied by the payment of \$50,533.75 to the Company in cash and a capitalisation of \$91,654 in outstanding debts owed to Mr Stephen Birkbeck or his related entities in respect of Director's and Consulting fees.

Requirement to obtain approval – Listing Rule 10.11

As Mr Birkbeck is a Director of the Company, Atlas must seek Shareholder approval under Listing Rule 10.11 to the issue of the Shortfall Shares. The subscription by Mr Birkbeck is conditional upon Shareholder approval of Resolution 2.

Disclosure – Listing Rule 10.13

In accordance with Listing Rule 10.13 the following information is provided to Shareholders in relation to Resolution 2:

- (a) the Shortfall Shares will be issued to Mr Stephen Birkbeck (the Chief Executive Officer and Executive Chairman of the Company) or his nominee;
- (b) the maximum number of Shares to be issued will be 2,843,755;
- (c) it is anticipated that, subject to Shareholder approval, the Company will issue the Shortfall Shares on or around 1 June 2012, but in any event within one month of the date of receipt of the Shareholder approval or such later date as approved by ASX by way of ASX granting a waiver under the Listing Rules;
- (d) the Shortfall Shares will be issued at a price of 5 cents per Shortfall Share and will rank equally in all respect with existing Shares on issue;
- (e) The net cash proceeds from the issue of the Shortfall Shares issue will be used for the same purposes as funds raised from the Rights Issue being:
 - (i) implement the full commercialisation of Atlas' quality selection program across all sites;
 - (ii) improve infrastructure support in the production program;
 - (iii) ensure all key managerial and technical roles are funded;
 - (iv) expand the Company's marketing activities and capitalise on emerging markets;
 - (v) commercialise new product lines and value adding initiatives; and
 - (vi) general working capital; and
- (f) If approval of Resolution 2 is given under Listing Rule 10.11, then approval is not required under Listing Rule 7.1.

Directors' Recommendation

Mr Birkbeck has an interest in Resolution 2 and refrains from making any recommendation as to how Shareholders should vote on the Resolution. The Company's remaining Directors recommend that Shareholders vote in favour of Resolution 2, and each of those Directors intends to vote all the Shares controlled by him or her in favour of the resolution.

RESOLUTION 3 – Approval of issue of Placement Shares

Background

The Directors have agreed to issue 2,500,000 Shares (**Placement Shares**) to Mr Stephen Gleeson (the Chief Financial Officer and Company Secretary) or his nominee, at 5 cents per Share being the same price as the Rights Issue.

The Directors are of the view that the agreement to issue the Placement Shares to Mr Gleeson (a new Employee) will further align his interests with Shareholders, as well as raising additional capital for the Company.

Requirement to obtain approval - Listing Rule 7.1

In order to preserve the Company's ability to issue Equity Securities within the 15% annual limit under Listing Rule 7.1, the Company seeks advance Shareholder approval under Listing Rule 7.1 for the issue of the Placement Shares. In the absence of such approval, the issue of the Placement Shares can still occur but will be counted as part of the 15% limit which would otherwise apply during a 12 month period.

Disclosure - Listing Rule 7.3

In accordance with Listing Rule 7.3 the following information is provided to Shareholders in relation to Resolution 3:

- (a) the Placement Shares will be issued to Mr Stephen Gleeson (the Chief Financial Officer and Company Secretary) or his nominee;
- (b) the maximum number of Shares to be issued will be 2,500,000;
- (c) it is anticipated that, subject to Shareholder approval, the Company will issue and allot the Placement Shares on or around 1 June 2012, but in any event within three months of the date of receipt of the Shareholder approval or such later date as approved by ASX by way of ASX granting a waiver under the Listing Rules;
- (d) the Placement Shares will be issued at a price of 5 cents per Placement Share and will rank equally in all respects with existing Shares on issue;
- (e) The net proceeds from the issue of the Placement Shares issue will be used to:
 - (i) implement the full commercialisation of Atlas' quality selection program across all sites;
 - (ii) improve infrastructure support in the production program;
 - (iii) ensure all key managerial and technical roles are funded;
 - (iv) expand the Company's marketing activities and capitalise on emerging markets;
 - (v) commercialise new product lines and value adding initiatives; and
 - (vi) general working capital.

Directors' Recommendation

The Directors recommend that Shareholders vote in favour of Resolution 3, and each of those Directors intends to vote all the Shares controlled by him or her in favour of the resolution.

RESOLUTION 4 - Approval of the Salary Sacrifice Plan

Background

The Board believes that the skills and motivation of the Group's Employees are crucial to the future success of the business.

The Salary Sacrifice Plan aims to align the interests of Employees with the interests of Shareholders, by linking Employee remuneration to the long term success of the Group and its financial performance.

Under the Salary Sacrifice Share Plan, in recognition of their contribution to the Group, the Board may offer eligible Employees the opportunity to subscribe for Shares, which will be paid for by the Eligible Employee through salary sacrifice.

The Salary Sacrifice Share Plan has been developed as a means of:

- (a) attracting and retaining key Employees of the Group;
- (b) rewarding existing Employees for their ongoing service to the Group;
- (c) driving long term performance for Shareholders; and

- (d) fostering a culture of Employee Share ownership in the Group.

The Salary Sacrifice Share Plan will form an important part of a comprehensive remuneration strategy for the Group's Employees.

Non-Executive Directors are not eligible to participate in the Salary Sacrifice Plan.

Requirement to obtain approval - Listing Rule 7.2 Exception 9(b)

Approval is sought under Listing Rule 7.2 Exception 9(b) which will exempt the issue of Shares under the Salary Sacrifice Plan from the 15% annual limit on the issue of new securities without prior Shareholder approval for a period of three years from the date of the passing of Resolution 4. In the absence of such approval, issues of Shares under the Salary Sacrifice Plan can still occur but will be counted as part of the 15% limit which would otherwise apply during a 12 month period.

Operation of Salary Sacrifice Plan

Under the Salary Sacrifice Plan, the Company agrees to issue Shares to Eligible Employees, in lieu of the amount of remuneration that each Eligible Employee has agreed to sacrifice from their monthly remuneration.

To participate in the Salary Sacrifice Plan, Eligible Employees are required to salary sacrifice a minimum of 10% of their annual base salary into Shares. There is no maximum percentage or value cap to the amount that each Eligible Employee can sacrifice.

The issue price for Shares under the Salary Sacrifice Plan will be determined from time to time by the Board of Directors (in their discretion). For the current financial year of the Company for participants who enter into conditional salary sacrifice arrangements before the AGM, the Board of Directors has determined that the initial issue price per Share is to be 5 cents, which is the same issue price as Shares issued under the Rights Issue.

The Company will establish a trust in respect of the Salary Sacrifice Plan and will contribute sufficient funds to that trust to enable the trustee to subscribe or acquire Shares to hold for the benefit of participants in the Salary Sacrifice Plan until the relevant date of transfer to the participant.

Generally, salary sacrifices will commence at the beginning of the Company's relevant financial year and continue to the end of that financial year. Subject to compliance with securities regulations and governance policies, it is expected that Shares will be transferred to the participants as soon as practicable after the end of each financial year, or at such other times as determined by the Board.

The Board intends for the Salary Sacrifice Plan to be operated in accordance with the conditions of ASIC Class Order 03/184 including the limits on the maximum number of Shares that may be issued or transferred during a prescribed period.

Upon cessation of employment, any Salary Sacrifice Shares held on behalf of an Employee will generally be transferred to them.

Disclosure – Listing Rule 7.2 Exception 9(b)

- (a) A summary of the Salary Sacrifice Plan is attached as Annexure A to the Explanatory Memorandum.
- (b) As at the date of the Meeting, no Shares will have been issued under the proposed Salary Sacrifice Plan.
- (c) The Company will cease to issue Shares under its existing Employee Share Loan Plan that was approved by Shareholders at the Company's annual general meeting in May 2006. The total number of Shares issued under the existing Employee Share Loan Plan since it was approved is 1,900,000 of which all are vested. Further details of these Shares are set out in the Company's latest Annual Report.
- (d) A voting exclusion statement for Resolution 4 is included in the Notice of Meeting.

Directors' Recommendation

Mr Birkbeck has an interest in Resolution 4 and refrains from making any recommendation as to how Shareholders should vote on the Resolution. The remaining Directors recommend Shareholders vote in favour of Resolution 4.

Resolutions 5 and 6 – Approval of grant of Shares under the Salary Sacrifice Plan

Background

Mr Stephen Birkbeck is the Chief Executive Officer and Executive Chairman of the Company. Ms Kristie Birkbeck is an Employee of the Company. Under the terms of the Salary Sacrifice Plan, the Board has the discretion to issue or procure the transfer Shares to any Employee it declares to be an “Eligible Employee” upon the terms set out in the Salary Sacrifice Plan and upon such terms and conditions as the Board determines. The Board has determined that Mr Birkbeck and Ms Birkbeck are each Eligible Employees and that it will offer Shares to them under the Salary Sacrifice Plan.

The Board has determined that the price per Share will be 5 cents per Share, being the same price as all other Shares issued in the current financial year under the Salary Sacrifice Plan and the same issue price as Shares issued under the Rights Issue (subject to the terms of the Salary Sacrifice Plan that give pricing discretion to the Board).

Subject to the relevant Shareholder approval being obtained, Mr Birkbeck has agreed to salary sacrifice \$50,000 in remuneration and so will receive 1,000,000 Shares under the Salary Sacrifice Plan, in lieu of that remuneration. Subject to the relevant Shareholder approval being obtained, Ms Birkbeck has agreed to salary sacrifice \$6,000 in remuneration and so will receive 120,000 Shares under the Salary Sacrifice Plan, in lieu of that remuneration.

Reasons for the grant of the Shares

As outlined above, the Salary Sacrifice Plan is aimed specifically at driving long term performance for Shareholders, a culture of Employee Share ownership and retention of Executives, Employees and Staff.

In this context, the Board recognises that there is a growing demand in the sector for staff and that the industry is subject to some macro level uncertainty, and therefore participation in the Salary Sacrifice Plan in one way to achieve the retention of key personnel, which is considered important to ensure the Company’s long term performance.

Accordingly, the proposed acquisition of the Shares to each of Mr Birkbeck and Ms Birkbeck in lieu of the amount of their relevant salary sacrifice seeks to further align their interests with those of Shareholders.

Key terms of the Shares

The key terms of the relevant Shares will be the same as any other Shares issued under the Salary Sacrifice Plan.

Requirement to obtain approval – Listing Rule 10.14

Under Listing Rule 10.14, Shareholder approval is required before the Company is able to issue Shares to a related party of the Company. Accordingly, Resolutions 5 and 6 each seek separate Shareholder approval to the issue of the relevant Shares to Mr Birkbeck and Ms Birkbeck under the Salary Sacrifice Plan.

Disclosure - Listing Rule 10.15

For the purposes of the approval sought under Listing Rules 10.14 and in accordance with the requirements of Listing Rule 10.15 and for all other purposes, the following information is provided to Shareholders in respect of the Salary Sacrifice Shares:

Participation	The Shares the subject of Resolution 5 will be granted to Mr Stephen Birkbeck (the Chief Executive Officer and Executive Chairman of the Company) or his nominee. The Shares the subject of Resolution 6 will be granted to Ms Kristie Birkbeck or her nominee.
Grants of Shares	Subject to Shareholder approval of the relevant Resolutions being obtained, the maximum number of Shares will be 1,000,000 Shares (in respect of Resolution 5) and 120,000 Shares (in respect of Resolution 6).

Issue price	The issue price will be 5 cents per Share, which is the same issue price as Shares issued under the Rights Issue (subject to the terms of the Salary Sacrifice Plan that give pricing discretion to the Board).
Timing of issues	<p>If Resolutions 5 or 6 is approved by Shareholders, the relevant Shares will not be issued at any stage after 12 months from the date of the Meeting or such later date as approved by ASX by way of ASX granting a waiver under the Listing Rules.</p> <p>It is anticipated that the each tranche of Shares will be granted before 31 January 2013.</p>
No loans	No loans have or will be made by the Company in connection with the acquisition of the relevant Shares.
Details of prior issues	<p>No Shares have yet been issued or transferred to any person referred to in Listing Rule 10.14 under the Salary Sacrifice Plan at the date of this document.</p> <p>Mr Birkbeck is the only person referred to in Listing Rule 10.14 (a Director of the Company or an associate of that Director) currently eligible to participate in the Salary Sacrifice Plan as he is the only executive Director of the Company. Subject to any required Shareholder approval, future executive Directors of the Company will also be eligible to participate in the Salary Sacrifice Plan.</p> <p>Full details of Mr Birkbeck's holding of interests in the Company are set out in the Company's current Annual Report.</p>

Other Implications for the Company

Reasonable remuneration

The Board (other than Mr Birkbeck who is not able to make a recommendation due to his interest in Resolutions), considers that the grant of the Shares under the Salary Sacrifice Plan to each of Mr Birkbeck and Ms Birkbeck constitutes part of their reasonable remuneration. In reaching this conclusion, the Board has had regard to a variety of factors including the fact that the Salary Sacrifice Plan involves foregoing remuneration to which the employee is already entitled and replacing that remuneration with Shares of the same of substantially similar value, the nature of the Salary Sacrifice Plan, the issue price of the Salary Sacrifice Shares, market practice and the remuneration offered to persons in comparable positions at companies listed on ASX. In particular, the Board has had regard to the global and competitive nature of the business and, in respect of Mr Birkbeck, his role as Chief Executive Officer and Executive Chairman.

Financial implications

Australian International Financial Reporting Standards require the Shares to be expensed which is guided by AASB 2 – Share Based Payments. As the Shares the subject of Resolutions 5 and 6 are issued and vest, they are expected to be expensed in the financial year in which those Shares are granted.

Expensing those Shares will have the effect of increasing both the expenses and contributed equity of the Company. Whilst there will be a reduction in profit, there will be no impact on the net assets or the cash position or financial resources of the Company as a result of expensing the Shares the subject of Resolution 5 and 6.

There are no tax implications for the Company in issuing the relevant Shares.

Dilution

The issue of Shares to Mr Birkbeck and Ms Birkbeck will have a diluting effect on the percentage interest of existing Shareholders' holdings.

The diluting effect if the maximum number of Shares is issued to:

- (a) Mr Birkbeck (ie 1,000,000 Shares) amounts to approximately 0.4% of the Company's current issued Shares;
- (b) Ms Birkbeck (ie 120,000 Shares) amounts to approximately 0.05% of the Company's current issued Shares.

If the relevant Shares are issued at below the then current market value, the value of all of the Shares may be diluted.

The transfer of Shares under the Salary Sacrifice Plan will not have any diluting effect on the percentage interest of existing shareholders holdings as no new Shares will be issued.

Other Information

The primary purpose of the issue or transfer of the Shares the subject of Resolutions 5 and 6 is not to raise capital, but to form part of a remuneration package. A maximum of \$50,000 (before costs) will be raised from the issue of the Shares to Mr Birkbeck, with the corresponding maximum being \$6,000 (before costs) in respect of Ms Birkbeck.

If the Shares are transferred, by, for example, those Shares being purchased on-market and transferred to Mr Birkbeck and/or Ms Birkbeck, then no funds will be raised from the transfer of those Shares. Any funds raised from issue of the Shares the subject of Resolutions 5 and 6 will be used for general working capital purposes.

There are no significant opportunity costs to the Company or benefits foregone by the Company in issuing or transferring the Shares. Mr Birkbeck and Ms Birkbeck must each forego their existing entitlement to remuneration to fund the issue or transfer price of the relevant Shares.

As at the date of this Explanatory Memorandum,

- (a) Mr Birkbeck's total remuneration package is \$190,750; and
- (b) Ms Birkbeck's total remuneration package is \$65,400.

As at the date of this Explanatory Memorandum, Mr Birkbeck has a relevant interest in 27,247,100 Shares, which is equal to 12.1% of the Shares on issue. Subject to Resolutions 2 and 5 each being passed, Mr Birkbeck's relevant interest may increase to a total of 31,090,855 Shares, which will be equal to 13.6% of the Shares on issue (assuming no other Shares are issued between the date of this Explanatory Memorandum and the date of issue of the relevant Shares).

As at the date of this Explanatory Memorandum, Ms Birkbeck has a relevant interest in no Shares. Subject to Resolution 5 being passed, Ms Birkbeck's relevant interest may increase to a total of 120,000 Shares, which will be equal to 0.05% of the Shares on issue (assuming no other Shares are issued between the date of this Explanatory Memorandum and the date of issue of the relevant Shares).

If Shareholders do not approve the grant of Shares to Mr Birkbeck under Resolution 5 or Ms Birkbeck under Resolution 6, then the relevant sacrificed remuneration for the 12 month period ending 31 December 2012 will still be paid in cash by the Company, but there will be no opportunity for the Company to receive that cash as consideration for Shares issued under the Salary Sacrifice Plan.

Directors' Recommendation

Mr Birkbeck has an interest in Resolutions 5 and 6 and so refrains from making any recommendation as to how Shareholders should vote on those Resolutions. The remaining Directors recommend Shareholders vote in favour of Resolutions 5 and 6.

RESOLUTIONS 7 and 8 - Approval of the NED Plan and the issue of Shares under the NED Plan

Background

The Company proposes to adopt a Non-Executive Director Fee Sacrifice Share Plan (**NED Plan**) under which the Company's Non-Executive Directors will receive a portion of their Director's fees in the form of Shares.

Under the NED Plan, the Company agrees to issue or procure the transfer of Shares to eligible Non-Executive Directors, in lieu of the amount of Directors' fees that each eligible Non-Executive Director has agreed to sacrifice from their monthly Director's fees each financial year.

The Directors consider that the issue or transfer of the Shares to Non-Executive Directors as part of their remuneration package is reasonable and appropriate given:

- (a) it is a cost effective and efficient reward for service. The issue of Shares in lieu of cash payments preserves the Company's cash resources and reduces ongoing costs which is a significant aspect while the Company remains in a growth phase;
- (b) the responsibilities involved in the relevant Non-Executive Director's position within the Company;
- (c) in part, it aligns remuneration with the future growth and prospects of the Company and the interests of Shareholders by encouraging Non-Executive Director Share ownership; and
- (d) fact that the NED Plan involves foregoing remuneration to which the Non-Executive Director in question is already entitled and replacing that remuneration with Shares of the same of substantially similar value.

Only Non-Executive Directors are eligible to participate in the NED Plan.

Requirement to obtain approval – Listing Rules 7.2, Exception 9(b) and 10.14 and Section 195 approval

The Board is seeking Shareholder approvals for the NED Plan for the purposes of Listing Rules 7.2, Exception 9(b) (see Resolution 7) and 10.14 (see Resolution 8).

Approval under Listing Rule 7.2 Exception 9(b) will mean the issue of Shares under the NED Plan will be exempted from the 15% annual limit on the issue of new securities without prior Shareholder approval for a period of three years from the date of the passing of the Resolution 7. In the absence of such approval, the issue can still occur but is counted as part of the 15% limit which would otherwise apply during a 12 month period.

Under Listing Rule 10.14, Shareholder approval is required before the Company is able to issue Shares to Non-Executive Directors under an incentive scheme such as the NED Plan.

Section 195(1) of the Corporations Act provides a general restriction on a director who has a material personal interest in a resolution being considered at a directors' meeting of the company being present during any discussion on the resolution or voting on the resolution at the directors' meeting.

Section 195(4) of the Corporations Act provides that where there are insufficient directors to form a quorum at a directors' meeting because of Section 195(1) of the Corporations Act, the directors can call a general meeting of shareholders to consider the matter.

The Directors consider that they may be unable to form a quorum to consider matters relating to Resolutions 7 and 8, as two of the three directors are eligible to participate in the NED Plan. Therefore, the Directors are seeking approval under Section 195(4) of the Corporations Act to deal with the matters relating to Resolutions 7 and 8.

Operation of NED Plan

The issue price for Shares under the NED Plan will be determined from time to time by the Board of Directors. For the current financial year of the Company in respect of the current Non-Executive Directors, the initial issue price set by the Board will be 5 cents per Share, which is the same issue price as Shares issued under the Rights Issue.

As with the Salary Sacrifice Plan, the Company may establish a trust in respect of the NED Plan and will contribute sufficient funds to that trust to enable the trustee to subscribe or acquire Shares to hold for the benefit of participants in the NED Plan until the relevant date of transfer to the participant.

Generally, fee sacrifices will commence at the beginning of the Company's relevant financial year and continue to the end of that financial year. Subject to compliance with securities regulations and governance policies, it is expected that Shares will be transferred to the participants as soon as practicable after the end of each financial year.

Disclosure - Listing Rules 7.2, Exception 9(b) and 10.15A

For the purposes of the approval sought under Listing Rules 7.2, Exception 9(b) (see Resolution 7) and 10.14 (with the disclosure complying with Listing Rule 10.15A) (see Resolution 8) and for all other purposes, a summary of the NED Plan is attached as Annexure B to the Explanatory Memorandum.

Other Implications for the Company

Reasonable remuneration

The Board (other than the Non-Executive Directors who are not able to make a recommendation due to their interests in the resolution), considers that the grant of the Shares under the NED Plan constitutes part of the Non-Executive Director's reasonable remuneration. In reaching this conclusion, the Board has had regard to a variety of factors including the nature of the NED Plan, market practice and the remuneration related offerings made to persons in comparable positions at companies listed on ASX. In particular, the Board has had regard to the global and competitive nature of the business and the Non-Executive Director's roles.

Corporate governance

The Listing Rules set out best practice recommendations for ASX listed companies, including guidelines that Non-Executive Directors should normally be remunerated by fees, one form of which can be salary sacrifice into equity.

Financial implications

Australian International Financial Reporting Standards require the Shares to be expensed which is guided by AASB 2 – Share Based Payments. As these Shares vest, they are expected to be expensed in the financial year in which the Shares are granted.

Expensing the Shares will have the effect of increasing both the expenses and contributed equity of the Company. Whilst there will be a reduction in profit, there will be no impact on the net assets or the cash position or financial resources of the Company as a result of expensing the Shares.

There are no tax implications for the Company in issuing these Shares.

Dilution

The issue of Shares to the Non-Executive Directors will have a diluting effect on the percentage interest of existing Shareholders' holdings. The diluting effect if the maximum number of Shares is issued under the NED Plan (ie 10,000,000 Shares) amounts to approximately 4.5% of the Company's current issued Shares. If Shares are issued under the NED Plan at below the then current market value, the value of all of the Shares may be diluted.

The transfer of Shares to the Non-Executive Directors under the NED Plan will not have any diluting effect on the percentage interest of existing Shareholders holdings as no new Shares will be issued.

Other Information

The primary purpose of the grant of the Shares to the Non-Executive Directors under the NED Plan is not to raise capital, but to form part of their remuneration package. If all of the Shares are issued at 5 cents per Share (being the issue price of Shares under the recent Rights Issue and the current proposed issue price of Shares to Non-Executive Directors in respect of this financial year's Allocation), then \$500,000 will be raised from the issue of those Shares. If Shares are transferred to Non-Executive Directors, by, for example, those Shares being purchased on-market and transferred to the Non-Executive Directors, then no funds will be raised from the transfer of those Shares. Any funds raised from issue of the Shares under the NED Plan will be used for general working capital purposes.

As at the date of this Explanatory Memorandum,

- (a) Dr Taylor's total remuneration package is \$65,400; and
- (b) Mr Newman's total remuneration package is \$49,050.

As at the date of this Explanatory Memorandum:

- (c) Dr Taylor has a relevant interest in 1,220,000 Shares, which is equal to 0.5% of the Shares on issue; and
- (d) Mr Newman has a relevant interest in 635,295 Shares, which is equal to 0.3% of the Shares on issue.

Subject to Resolution 8 being passed:

- (a) Dr Taylor's relevant interest may increase to a total of 5,144,000 Shares, which will be equal to 2.2% of the Shares on issue; and
- (b) Mr Newman's relevant interest may increase to total of 3,578,295 Shares, which will be equal to 1.5% of the Shares on issue,

assuming:

- (c) no other Shares are issued between the date of this Explanatory Memorandum and the date of issue of the relevant Shares;
- (d) they each sacrifice all of their Fees for the next three years and their fees do not change over that same period.

If Shareholders do not approve Resolution 8, each Non-Executive Director's fees for the 12 month period ending 31 December 2012 will still be paid in cash to the relevant Non-Executive Director by the Company, but there will be no opportunity for the Company to receive that cash as consideration for Shares issued under the NED Plan.

There are no significant opportunity costs to the Company or benefits foregone by the Company in issuing or transferring the Shares upon the terms of the NED Plan proposed. Each Non-Executive Director must forego their existing entitlement to Fees to fund the price of the Shares.

Directors' Recommendation

The Company's Non-Executive Directors are eligible to participate in the NED Plan the subject of Resolution 7 and 8 and so refrain from making any recommendation as to how Shareholders should vote on those Resolutions. Mr Birkbeck as the sole remaining Director recommends Shareholders vote in favour of Resolutions 7 and 8.

RESOLUTION 9 – Adoption of Remuneration Report

The Annual Report for the financial year ending 31 December 2011 contains a Remuneration Report on pages 28 to 34.

The Remuneration Report:

1. explains the Board's policies in relation to the nature and level of remuneration paid to Directors and senior managers within the Atlas South Sea Pearl Group;
2. sets out the remuneration details of each Director and for each member of Atlas South Sea Pearl's senior executive management team.

Voting on the adoption of the Remuneration Report is for advisory purposes only and will not bind the Directors or Company. The Chairman of the Meeting will allow reasonable opportunity for Shareholders to ask questions about, or comment on, the Remuneration Report at the Meeting.

Under the Corporations Act, if 25% or more of votes that are cast are voted against the adoption of the Remuneration Report at two consecutive Annual General Meetings, Shareholders will be required to vote at the second of those Annual General Meetings on a resolution (a "spill resolution") on whether the Board should be put up for re-election.

Please note that a copy of the Company's Annual Report is available by contacting the Company Secretary by telephone on +61 (08) 9284 4249 or by facsimile on +61 (08) 9284 3031 or from its web site at www.atlassouthseapearl.com.au.

Annexure A – Summary of the Salary Sacrifice Plan

The key features of the Salary Sacrifice Plan and the proposed terms of the Shares which may be offered to Eligible Employees by the Board are summarised below.

Full terms of the Salary Sacrifice Plan will be available at the Annual General Meeting or upon request by a Shareholder to the Company Secretary.

<i>Eligible Employees</i>	<p>The following Employees will be eligible to participate in the Salary Sacrifice Plan:</p> <ul style="list-style-type: none">• full and part time Employees of the Company (wherever they reside), including any executive Director who holds salaried employment or office in the Company; and• subject to the Company obtaining ASIC relief to extend the operation of ASIC Class Order 03/184, any casual Employee or contractor (whether an individual or a company) who is eligible under the terms of the Salary Sacrifice Plan and has been declared by the Board to be an eligible participant for the purpose of the Salary Sacrifice Plan, <p>(together Eligible Employees).</p> <p>Non-Executive Directors will not be eligible to participate in the Salary Sacrifice Plan.</p>
<i>Participation</i>	<p>From time to time, the Company may invite Eligible Employees to participate in the Salary Sacrifice Plan.</p> <p>The offer to participate in the Salary Sacrifice Plan, will expire on the date and time specified in the invitation.</p> <p>Upon completing and signing the Application form included with the Invitation, an Eligible Employee will become a participant in the Salary Sacrifice Plan (Participant).</p>
<i>Grants of Shares</i>	<p>The Board may invite Participants to acquire Shares in the Company, on such terms and conditions as the Board decides, including as to:</p> <ul style="list-style-type: none">• the number of Shares a Participant may acquire;• the market value payable for the Shares or how that market value is to be calculated; and• the terms and conditions of the Salary Sacrifice arrangement.
<i>Salary sacrifice</i>	<p>The Board may determine:</p> <ul style="list-style-type: none">• the terms and conditions of the Salary Sacrifice arrangement for which Shares are offered in lieu of remuneration; and• the amount of remuneration which may be salary sacrificed by each Participant. <p>Participants may elect to make salary sacrifice contributions by lump sum payment or regular deductions (at the discretion of the Board). Contributions will be made prior to the deduction of any applicable income tax.</p> <p>Generally, salary sacrifices will commence at the beginning of the Company's relevant financial year and continue to the end of that financial year. Subject to compliance with securities regulations and governance policies, it is expected that Shares will be transferred to the participants as soon as practicable after the end of each financial year subject to any legal or regulatory restrictions.</p>

	<p>If there is any legal or regulatory restriction to the transfer of Shares to the relevant participant for a period after the Issue Date which the Board views is longer than is reasonable in the circumstances, the Company will arrange to repay the salary sacrificed as taxed salary no later than one month after the proposed Issue Date.</p>
<i>Number of Shares to be issued or transferred</i>	<p>The number of Shares issued will be the dollar amount salary sacrificed by a Participant, divided by the issue price per Share determined by the Board.</p> <p>The issuing of Shares under the Salary Sacrifice Plan is conditional on the Company and each Participant entering into a Salary Sacrifice arrangement.</p>
<i>Issue price</i>	<p>The issue price for Shares under the Salary Sacrifice Plan will be determined from time to time by the Board of Directors in its absolute discretion (in accordance with applicable securities regulations). For those Participants who have entered into conditional salary sacrifice arrangements before the AGM, the issue price for the current financial year will be 5 cents per Share, which is the same issue price as Shares issued under the Rights Issue. For future financial years or for Participants who enter into salary sacrifice arrangements after the AGM, the issue price will be deemed to be the 90-day Volume Weighted Average Price preceding the date of issue or allocation (as applicable) or, if acquired on market, the average price per Share (which may include brokerage and transaction costs).</p>
<i>Trust account</i>	<p>Shares issued under the Salary Sacrifice Plan will be held on trust by a trustee on behalf of each Participant in accordance with the terms of a trust deed. A separate account will be opened and maintained by the trustee in respect of each Participant.</p>
<i>No vesting or forfeiture conditions</i>	<p>There will be no vesting or forfeiture conditions applying to the Shares while they are held by the Salary Sacrifice Trust unless the Board determines otherwise.</p>
<i>Effect of ceasing to be an Employee or death</i>	<p>If a Participant ceases to be an Employee or dies before the Issue Date, the trustee of the Salary Sacrifice Trust will, subject to any regulatory or legal restrictions, transfer a pro-rata allocation of Shares based on the amount of remuneration sacrificed as taxed remuneration up to the cessation date.</p> <p>The Board will consider any applicable limitations under the termination benefit rules in the Corporations Act when making any determination or allowing any extension following a Participant ceasing to be an Employee.</p>
<i>Transferability</i>	<p>Prior to the Issue Date, Shares are transferable to the Participant only after submission of a withdrawal notice and with the consent of the Board.</p> <p>On and from the Issue Date, there will be no disposal, vesting or forfeiture conditions applying to the Shares (subject to the application of any share trading policy, regulation or law).</p>
<i>Dividends</i>	<p>Dividends payable on Shares held in trust by the trustee will be paid to each Participant as soon as reasonably practicable after those dividends are paid by the Company to the Trustee.</p>
<i>Trustee voting rights</i>	<p>Where the trustee holds Shares on behalf of a Participant, the Participant may direct the trustee in writing as to how to exercise the voting rights attached to those Shares by way of proxy. In the absence of such direction the trustee will not exercise the voting rights attaching to Shares held on trust on behalf of Participants.</p>
<i>Listing and ranking</i>	<p>Shares issued under the Salary Sacrifice Plan will be listed and will rank equally in all respect with existing Shares on issue.</p>
<i>Suspension or cancellation of the Plan</i>	<p>The Board may from time to time suspend the operation of the Salary Sacrifice Plan and may at any time cancel the Salary Sacrifice Plan. The suspension or cancellation of the Salary Sacrifice Plan must not prejudice the existing rights (if any) of Participants.</p>

*Board
discretion*

The Board has power to determine the appropriate procedures for administration of the Salary Sacrifice Plan in accordance with its terms.

Notwithstanding the Board's current policy (which may be changed from time to time), under the terms of the Salary Sacrifice Plan, the Board has absolute discretion (subject to applicable securities regulations) to determine the price and terms of any Shares issued under the Salary Sacrifice Plan, without the requirement of further Shareholder approval.

*Details of prior
issues*

No Shares have yet been issued or transferred to Participants under the Salary Sacrifice Plan to date.

Annexure B – Summary of the NED Plan

The key features of the NED Plan and the proposed terms of the Shares which may be offered to eligible Non-Executive Directors are summarised below.

Full terms of the NED Plan will be available at the Annual General Meeting or upon request by a Shareholder to the Company Secretary.

Participation All of the Company's existing Non-Executive Directors (or their nominees) are eligible to participate in the NED Plan.

Executive Directors are not eligible to participate in the NED Plan.

Currently, there are two Non-Executive Directors who are each eligible to participate, being Mr Geoff Newman and Dr Joseph Taylor.

If Resolution 8 is approved, any additional people who become Non-Executive Directors and therefore entitled to participate in the NED Plan after Resolution 8 is approved will not be able participate until either:

- Shareholder approval to that additional Non-Executive Director participating is obtained under ASX Listing Rule 10.14; or
- ASX grants a waiver.

The Company intends to apply to ASX for a waiver which will have the effect of permitting people who are appointed as Non-Executive Directors after the date the Resolution 8 is approved to participate in the NED Plan. There is no guarantee such a waiver will be granted.

Grants of Shares The Board may invite Non-Executive Directors to acquire Shares in the Company, on such terms and conditions as the Board decides, including as to:

- the number of Shares a Non-Executive Directors may acquire;
- the market value payable for the Shares or how that market value is to be calculated; and
- the terms and conditions of the Fee sacrifice arrangement.

Fee sacrifice Based on current Board policy, the Company agrees to issue or procure the transfer of Shares to eligible Non-Executive Directors, in lieu of up to 100% of their annual Director fees (excluding fees paid for services as a member to a Board Committee and extra exertion fees) (**Fees**) in the form of Shares (**Annual Allocation**), with the remainder being paid in cash as normal.

To participate in the NED Plan, eligible Non-Executive Directors are required to sacrifice a minimum of 10% of their Fees into Shares.

However, it is open to the Board to determine:

- the terms and conditions of the Fee Sacrifice arrangement for which Shares are offered in lieu of Fees; and
- the amount of remuneration which may be salary sacrificed by each Participant.

Non-Executive Directors may elect to make Fee sacrifice contributions by lump sum payment or regular deductions (at the discretion of the Board). Contributions will be made prior to the deduction of any applicable income tax.

Generally, fee sacrifices will commence at the beginning of the Company's relevant financial year and continue to the end of that financial year. Subject to compliance with securities regulations and governance policies, it is expected that Shares will be transferred to the participating Non-Executive Directors as soon as practicable after the end of each financial year subject to any legal or regulatory restrictions (**NED Issue Date**).

If there is any legal or regulatory restriction to the transfer of Shares to the relevant Non-Executive Director for a period after the NED Issue Date which the Board views is longer than is reasonable in the circumstances, the Company will arrange to repay the Fees sacrificed as taxed Fees no later than one month after the proposed NED Issue Date.

Further details of the Directors' current remuneration and shareholdings are set out in the Company's latest Annual Report.

Number of Shares to be issued or transferred

The number of Shares issued will be the dollar amount remuneration sacrificed by a Non-Executive Director, divided by the issue price per Share determined by the Board.

The issuing of Shares under the NED Plan is conditional on the Company and each Non-Executive Director entering into a Fee Sacrifice arrangement.

The exact number of Shares to be issued or transferred to Non-Executive Directors cannot be calculated at this time as it depends upon, amongst other things, the amount of Fees sacrificed by each Non-Executive Director, the number of Non-Executive Directors participating in the NED Plan from time to time and the future issue price of the Shares the subject of the NED Plan.

However, based on the Non-Executive Directors' current Fees and the proposed issue price for this financial year of 5 cents per Share, the Annual Allocation amount is 1,308,000 Shares per annum for Dr Taylor and 981,000 Shares per annum for Mr Newman for a total of 2,289,000.

The Board has determined that a maximum of 10,000,000 Shares will be issued or transferred under the NED Plan within the 3 year period after the date of this Meeting without the requirement for further Shareholder approval.

Issue price

The issue price for Shares under the NED Plan will be determined from time to time by the Board of Directors in its absolute discretion (in accordance with applicable securities regulations). For the current financial year of the Company, the issue price for current Non-Executive Directors will be 5 cents per Share, which is the same issue price as Shares issued under the Rights Issue. For future financial years or for any other participants, the issue price will be deemed to be the 90-day Volume Weighted Average Price preceding the date of issue or allocation (as applicable) or, if acquired on market, the average price per Share (which may include brokerage and transaction costs).

Trust

The Company will establish a Non-Executive Director Trust (**NED Trust**) in respect of the NED Plan and will contribute sufficient funds to the NED Trust to enable the trustee to subscribe or acquire Shares to hold in the NED Trust for the benefit of participants in the NED Plan until the relevant date of transfer to the Non-Executive Director.

Trust account

Shares issued under the NED Plan will be held on trust by a trustee on behalf of each Non-Executive Director in the NED Trust in accordance with the terms of a trust deed. A separate account will be opened and maintained by the trustee in respect of each Non-Executive Director.

No vesting or forfeiture conditions

There will be no vesting or forfeiture conditions applying to the Shares while they are held by the NED Trust unless the Board determines otherwise.

Effect of ceasing to be a director or death

If a Non-Executive Director ceases to be a Director of or provide services to the Group or dies before the Issue Date, the trustee of the NED Trust will, subject to any regulatory or legal restrictions, transfer a pro-rata allocation of Shares based on the amount of Fees sacrificed as taxed Fees up to the cessation date.

The Board will consider any applicable limitations under the termination benefit rules in the Corporations Act when making any determination or allowing any extension following a Non-Executive Director ceasing to be a Director of or provide services to the Group.

<i>Transferability</i>	<p>Prior to the NED Issue Date, Shares are transferable to the Non-Executive Director only after submission of a withdrawal notice and with the consent of the Board.</p> <p>On and from the NED Issue Date, there will be no disposal, vesting or forfeiture conditions applying to the Shares (subject to the application of any share trading policy, regulation or law).</p>
<i>Dividends</i>	Dividends payable on Shares held in trust by the trustee will be paid to each Non-Executive Director as soon as reasonably practicable after those dividends are paid by the Company to the trustee.
<i>Trustee voting rights</i>	Where the trustee holds Shares on behalf of a Non-Executive Director, the Non-Executive Director may direct the trustee in writing as to how to exercise the voting rights attached to those Shares by way of proxy. In the absence of such direction the trustee will not exercise the voting rights attaching to Shares held on trust on behalf of a Non-Executive Director.
<i>Listing and ranking</i>	Shares issued under the NED Plan will be listed and will rank equally in all respect with existing Shares on issue.
<i>Suspension or cancellation of the Plan</i>	The Board may from time to time suspend the operation of the NED Plan and may at any time cancel the NED Plan. The suspension or cancellation of the NED Plan must not prejudice the existing rights (if any) of Non-Executive Director participants.
<i>Board discretion</i>	Notwithstanding the Board's current policy (which may be changed from time to time), under the terms of the NED Plan, the Board has absolute discretion (subject to applicable securities regulations) to determine the price and terms of any Shares issued under the NED Plan, without the requirement of further Shareholder approval.
<i>Timing of issues</i>	If Resolution 8 is approved by Shareholders, Shares will not be issued under the NED Plan at any stage after 3 years from the date of the Meeting without obtaining further Shareholder approval or a waiver from ASX.
<i>No loans</i>	No loans will be made by the Company in connection with the acquisition of any Shares proposed to be granted to any Non-Executive Directors under Resolution 8.
<i>Details of prior issues</i>	<p>No Shares have yet been issued or transferred to Non-Executive Directors under the NED Plan to date.</p> <p>Details of any Shares issued or transferred granted to Non-Executive Directors under the NED Plan will be published in each Annual Report of the Company relating to the period in which the Shares have been issued or transferred, with a statement that approval for the issue or procure the transfer of the Shares to the Non-Executive Directors under the NED Plan was obtained under Listing Rule 10.14 or under a waiver granted by ASX.</p> <p>Details of the current interest of Non-Executive Directors in Shares are set out in the Company's current Annual Report.</p>

GLOSSARY

Annual Financial Report	means the financial statements, Directors' Report and Auditor's Report for the Company for the financial year ended 31 December 2011.
Annual Report	means the Company's annual report for the year ended 31 December 2011.
Annual General Meeting or Meeting	means the Annual General Meeting of Shareholders of the Company to be held at Perl'eco, 47-49 Bay View Terrace, Claremont, WA at 2.30pm on 30 May 2012.
ASX	means ASX Limited (ABN 98 008 624 691), or as the context requires, the financial market operated by it.
Auditor	means the auditor of the Company.
Audit Report	means the report of the Auditor of the Company.
Board	means the board of Directors of the Company.
Chair	means the chair of the Annual General Meeting
Company	means Atlas South Sea Pearl Limited (ABN 32 009 220 053)
Constitution	means the Company's constitution.
Corporations Act	means the <i>Corporations Act 2001</i> (Cth).
Director	means a director of the Company.
Directors' Report	means the report of the Board of Directors of the Company.
Eligible Employee	means an Eligible Employee under the Salary Sacrifice Plan.
Employee	means an employee of the Group.
Explanatory Memorandum	means the Explanatory Memorandum attached to the Notice of Meeting.
Group	means the Company and its subsidiaries.
Key Management Personnel	has the same meaning as in Australian accounting standards. Broadly speaking this includes those persons with the authority and responsibility for planning, directing and controlling the activities of the Company (whether directly or indirectly), and includes any Directors.
NED Plan	means the Non-Executive Director Fee Sacrifice Share Plan as amended from time to time.
NED Trust	means any trust established to hold Shares acquired in respect of the NED Plan.
Non-Executive Director	means a non-executive Director.
Notice of Meeting	means the notice of Annual General Meeting and the Explanatory Statement

Placement Shares	means the 2,500,000 Shares proposed to be issued to Mr Stephen Gleeson (the Chief Financial Officer and Company Secretary) or his nominee on the terms of Resolution 3.
Proxy Form	means the Proxy Form attached to the Notice of Meeting.
Register of Shareholders	means the register of Shareholders of the Company.
Remuneration Report	means the remuneration report as contained in the Annual Financial Report.
Rights Issue	means the rights issue announced by the Company in an ASX announcement on 6 February 2012.
Salary Sacrifice Plan	means the Company's Employee Salary Sacrifice Share Plan as amended from time to time.
Salary Sacrifice Trust	means the trust established to hold Shares acquired in respect of the Salary Sacrifice Plan.
Share	means a fully paid ordinary share in the capital of the Company.
Shareholder	means a person, corporation or body holding a Share on the Company Register of Shareholders.
Shortfall Shares	means the 2,843,755 Shares proposed to be issued to Mr Birkbeck (the Chief Executive Officer and Executive Chairman of the Company) or his nominee on the terms of Resolution 2.

ATLAS SOUTH SEA PEARL LTD
ABN 32 009 220 053

Instructions for Completing 'Appointment of Proxy' Form

1. A member entitled to attend and vote at an Annual General Meeting is entitled to appoint not more than two proxies to attend and vote on a poll on their behalf. The appointment of a second proxy must be done on a separate copy of the Proxy Form. Where more than one proxy is appointed, such proxy must be allocated a proportion of the member's voting rights. If a member appoints two proxies and the appointment does not specify this proportion, each proxy may exercise half the votes. A duly appointed proxy need not be a member of the Company.
2. Where a member's holding is in one name the holder must sign. Where the holding is in more than one name, all members should sign.
3. Where a Proxy Form or form of appointment of corporate representative is lodged and is executed under a power of attorney, the power of attorney must be lodged in like manner as this Proxy Form.
4. Corporate members should comply with the execution requirements set out on the Proxy Form or otherwise with the provisions of Section 127 of the Corporations Act. Section 127 of the Corporations Act provides that a company may execute a document without using its common seal if the document is signed by:
 - (a) 2 directors of the company;
 - (b) a director and a company secretary of the company; or
 - (c) for a proprietary company that has a sole director who is also the sole company secretary, that director.

For the Company to rely on the assumptions set out in Section 129(5) and (6) of the Corporations Act, a document must appear to have been executed in accordance with Section 127(1) or (2). This effectively means that the status of the persons signing the document or witnessing the affixing of the seal must be set out and conform to the requirements of Section 127(1) or (2) as applicable. In particular, a person who witnesses the affixing of a common seal and who is the sole director and sole company secretary of the company must state that next to his or her signature.

5. Completion of a Proxy Form will not prevent individual members from attending the Annual General Meeting in person if they wish. Where a member completes and lodges a valid Proxy Form and attends the Annual General Meeting in person, then the proxy's authority to speak and vote for that member is suspended while the member is present at the Annual General Meeting.
6. To vote by proxy, please complete and sign the enclosed Proxy Form and return by:
 - (a) delivered to the Company at 47- 49 Bayview Terrace Claremont, WA 6010;
 - (b) by post to the Company at PO Box 1048 Claremont WA 6910; or
 - (c) by facsimile to the Company on +61 (08) 9284 3031,

so that it is received not later than 2.30pm (AWST) on Monday 28 May 2012.

Proxy forms received later than this time will be invalid.



ATLAS

Atlas South Sea Pearl Limited

ABN 32 009 220 053

Lodge your vote:



By Mail:

Atlas South Sea Pearl Ltd
PO Box 1048
Claremont WA 6910

Alternatively you can fax your form to
(within Australia) 08 9284 3031
(outside Australia) +61 8 9284 3031

For all enquiries call:

(within Australia) 1300 850 505
(outside Australia) +61 3 9415 4000

000001 000 ATP
MR SAM SAMPLE
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030



Proxy Form

For your vote to be effective it must be received by 2:30pm (AWST) Monday 28 May 2012

How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

Appointment of Proxy

Voting 100% of your holding: Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote as they choose. If you mark more than one box on an item your vote will be invalid on that item.

Voting a portion of your holding: Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

Appointing a second proxy: You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

A proxy need not be a securityholder of the Company.

Signing Instructions

Individual: Where the holding is in one name, the securityholder must sign.

Joint Holding: Where the holding is in more than one name, all of the securityholders should sign.

Power of Attorney: If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

Attending the Meeting

Bring this form to assist registration. If a representative of a corporate securityholder or proxy is to attend the meeting you will need to provide the appropriate "Certificate of Appointment of Corporate Representative" prior to admission. A form of the certificate may be obtained from Computershare or online at www.investorcentre.com under the information tab, "Downloadable Forms".

Comments & Questions: If you have any comments or questions for the company, please write them on a separate sheet of paper and return with this form.

Turn over to complete the form →



View your securityholder information, 24 hours a day, 7 days a week:

www.investorcentre.com



View the Annual Report

www.atlassouthseapearl.com.au

Your secure access information is:

SRN/HIN: I9999999999



PLEASE NOTE: For security reasons it is important that you keep your SRN/HIN confidential.

MR SAM SAMPLE
 FLAT 123
 123 SAMPLE STREET
 THE SAMPLE HILL
 SAMPLE ESTATE
 SAMPLEVILLE VIC 3030

Change of address. If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.



I 9999999999

I ND

Proxy Form

Please mark to indicate your directions

STEP 1 Appoint a Proxy to Vote on Your Behalf XX

I/We being a member/s of Atlas South Sea Pearl Limited hereby appoint

the Chairman of the Meeting **OR**

PLEASE NOTE: Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, as the proxy sees fit) at the Annual General Meeting of Atlas South Sea Pearl Limited to be held at Perl'eco, 47-49 Bay View Terrace, Claremont, Western Australia on Wednesday, 30 May 2012 at 2:30pm (AWST) and at any adjournment of that meeting.

Important for Items 4 - 9 - If the Chairman of the Meeting is your proxy or is appointed as your proxy by default

By marking this box, you are directing the Chairman of the Meeting to vote in accordance with the Chairman's voting intentions on Item 9 as set out below and in the Notice of Meeting and you are also expressly authorising the Chairman of the Meeting to exercise your proxy on Items 4 - 8.

If you do not mark this box, and you have not directed your proxy how to vote on Items 4 - 9, the Chairman of the Meeting will not cast your votes on Items 4 - 9 and your votes will not be counted in computing the required majority if a poll is called on these Items. If you appoint the Chairman of the Meeting as your proxy you can direct the Chairman how to vote by either marking the boxes in Step 2 below (for example if you wish to vote against or abstain from voting) or by marking this box (in which case the Chairman of the Meeting will vote in favour of Items 4 - 9). The Chairman of the Meeting intends to vote all available proxies in favour of Items 4 - 9 of business.

I/We direct the Chairman of the Meeting to vote in accordance with the Chairman's voting intentions on Item 9 (except where I/we have indicated a different voting intention below) and I/we also expressly authorise the Chairman of the Meeting to exercise my/our proxy on Items 4 - 8. I/we acknowledge that the Chairman of the Meeting may exercise my proxy even though Items 4 - 9 are connected directly or indirectly with the remuneration of a member of key management personnel and/or even if the Chairman of the Meeting has an interest in the outcome of these items and that votes cast by the Chairman, other than as proxy holder, would be disregarded because of that interest.

STEP 2 Items of Business **PLEASE NOTE:** If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

ORDINARY BUSINESS

	For	Against	Abstain		For	Against	Abstain
Item 1 Re-election of Director - Dr Joseph Taylor	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Item 6 Approval of grant of Shares to Ms Kristie Birkbeck under the Salary Sacrifice Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 2 Approval of issue of Shortfall Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Item 7 Approval of Non-Executive Director Fee Sacrifice Share Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 3 Approval of issue of Placement Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Item 8 Approval of grant of Shares to Non-Executive Directors under the NED Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 4 Approval of Salary Sacrifice Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Item 9 Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 5 Approval of grant of Shares to Mr Stephen Birkbeck under the Salary Sacrifice Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				

The Chairman of the Meeting intends to vote all available proxies in favour of each item of business

SIGN Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

Contact Name _____

Contact Daytime Telephone _____

Date / / _____