

ATLAS

PEARLS AND PERFUMES

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ASX RELEASE

ATP

Atlas Enjoys Improved Revenue as the Pearl Market Turns a Corner

Atlas Pearls and Perfumes is excited to announce the conclusion of our most successful pearl sales event to date. Approximately AUD\$2.3M of pearls were sold with the highest average price achieved since 2007. Atlas's recent harvests were auctioned in Kobe (Pearl City) Japan over July 29th and 30th at the premises of the Japan Pearl Exporters Association. Atlas is a proud honorary member of the association. This is an excellent start to the 2013/14 financial-year and consolidates the upward trend in pearl prices witnessed over the past 6 months, especially in the specific pearl range for which Atlas is famed. Buyers are saying that in the 9-13mm high quality categories of white and silver pearls there is no producer comparable to Atlas.

Group revenue for July 2013 has more than doubled compared with the same period last year. This is the result of successfully implementing innovative export strategies for pearls, significant improvement in market sentiment and the introduction of the new perfume division. Group revenue in July 2013 was approximately AUD\$2.6M as compared to AUD\$1.2M in July 2012.

Atlas's restructured its sales and marketing of loose pearls in March 2012 and created competitive tension by establishing a focused auction programme in Kobe, Japan. Two more auctions are planned between now and December. The auction revenues are complimented by direct selling of loose pearls and strands to niche customers. Atlas is confident of exceeding budgeted pearl revenue for the 2013/14 year.

During July, Essential Oils of Tasmania recorded approximately \$ 180,000 of Australian manufactured exports and is in the process of finalising the blue print for commissioning its pearl protein and pearl perfume extraction complex.

Our Value Adding Division has been focused on pearl jewellery sales through the Atlas retail outlets, Australian wholesale jewellery suppliers and international markets through the joint venture with World Senses. Gross revenue in this division is expected to increase in the second quarter of 2013/14, as pearl perfumes, cosmeceuticals as well as lip sticks, nail varnish and foundation powders that are produced with the intention of harnessing the pearl-essence sparkle of this natural gem.

Conclusion

Whilst other growers have reduced or ceased pearl production, Atlas has expanded its capacity of high quality/low cost pearls since the collapse of the global pearl market in 2009. Due to the global reduction in pearl numbers Atlas goods are now in high demand. At the same time, Atlas has mitigated risk through the growth and consolidation of the perfume and value added divisions. As the consumption of luxury goods in China grows and with the recent improvement in the global outlook, Atlas believes it will generate more stable returns from its pearling division in the short term.

As previously announced, Atlas will report to the Australian fiscal year (July 1st 2013 to June 30th 2014).

Yours faithfully

A handwritten signature in black ink, appearing to read 'Stephen Birkbeck', with a large, stylized flourish extending from the bottom left.

Stephen Birkbeck
Executive Chairman & CEO
Atlas Pearls and Perfumes Ltd

About Atlas

Atlas Pearls and Perfumes Ltd ("Atlas", ASX:ATP) 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, Alor and Papua. Atlas is a fully integrated pearling business with its own high quality grading and loose pearl distribution business, a jewellery manufacturing capability and sales 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 fire tree (perfumes) for supply into the global luxury supply chain.