

ATLAS

PEARLS AND PERFUMES

ABN 32 009 220 053

ASX RELEASE

ASX: ATP

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Arrow Pearl Co Pty Ltd and Atlas Pearls and Perfumes Ltd Sales Agreement

Strategic Value of this Transaction

The relationship between Arrow Pearl and Atlas Pearls and Perfume began when the parties entered into a commercial agreement to train Atlas Pearls & Perfume staff in Australian pearl production and seeding techniques. This technology transfer agreement endured 10 years and successfully complimented the underlying technological advantages that form the cornerstone of Atlas Pearl and Perfume's pearl production today. During that time, Arrow Pearl built a significant shareholding position within Atlas with Stephen Arrow serving as a Director on the Board from 1999 to 2008

A new agreement reached between Atlas Pearls and Perfume and Arrow Pearl Co Pty Ltd will provide Atlas with access to pearls produced in the Australian Seas around Broome and the Kimberley.

There is considerable excitement about the synergy between the two companies. The board believes the stewardship of Dr Joseph Taylor and Stephen Arrow will augment the technical achievements of the last few years, further improving Atlas's position as a premium quality pearl farmer into the future.

Atlas Pearls and Perfume has an active reconciliation policy with regional indigenous stakeholders. Via the agency of Arrow Pearl, Atlas Pearls & Perfume has engaged with local Aboriginal Traditional Owners from the Broome and Kimberly coastal regions on a range of initiatives. It is with great pride that we announce the unique bespoke "Riji Jewelry Collection". A world first partnership between Atlas Pearls & Perfume and Aubrey Tigan, an Aboriginal artist and leader who's designs tell his stories of sea country and the wonderful world of the Mayala People of the tide swept islands of the Buccaneer Archipelago. Aubrey passed away in August of this year but his art endures.

Arrow Pearl Invests in Atlas Pearls and Perfumes

An agreement has been reached to make a share placement to Arrow Pearl of 10 million shares with a payment of \$650,000 for 6.5 cents per share. This will see the Arrow settle with a substantial shareholding of 11.5 million shares.

Stephen Arrow to Join the Board of Atlas

The Atlas Board of Directors is pleased to announce that Stephen Arrow will commence duties as a Director of Atlas Pearls and Perfumes Ltd as of January 2014. He will join Technical Director Dr Joseph Taylor as a co-Director of the Indonesian subsidiary PT Cendana Indopearls. This appointment will strengthen the Groups' ability to review and improve the farming operations.

Reduced Global Production

Atlas has expanded its production base over the last five years at a time when other producers have closed or scaled back and is now holding higher inventory levels than prior to the GFC. With reduced global production there is an emerging shortage of high quality pearls. Prices have increased by more than 50% since 2012.

Atlas has successfully grown its inventory while improving the quality of its harvests with an increase in high-grade sellable pearls. With a competitive cost of production and quality reputation Atlas has a strong position in supplying 9-13 mm pearls, which are in high demand.

Atlas Scales up its Pearl Purchasing Capabilities

Atlas has established a global export structure that has generated demand in excess of current production. To capitalise on the market demand and customer networks, Atlas has started to source and sell pearls from various pearling companies in Australia and Indonesia. These sales have provided Atlas with the proof of concept to increase its market presence.

Atlas Expands its Senior Management

With the growing inventory assets now being transported into recently completed pearl farms, Atlas will engage more specialized staff for relocation to its land holdings and sea leases in Bali, Flores, Alor and Alyui.

Atlas has increased its scale of production over the past five years and holds in excess of 2 million juveniles, virgins and seeded oysters. Between 2013 and 2018 it will consolidate stock holdings to focus on quality and the production of specialised gems.

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Yours sincerely



Stephen Birkbeck
Chairman

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