

ATLAS

PEARLS AND PERFUMES

ASX Release
20 May 2014

\$1.1M GRANT TO COMMERCIALISE AUSTRALIAN INNOVATIVE TECHNOLOGY

Atlas Pearls and Perfumes Limited (ASX: ATP) ("Atlas") is pleased to announce that its subsidiary, Essential Oils of Tasmania (EOT) has been offered a \$1,134,208 grant from Commercialisation Australia to support the commercialisation of its proprietary innovative extraction technology.

The grant will provide immediate benefits, including the creation of regional jobs and export opportunities. The funding will also lay the foundations for an Australian perfume industry that will provide a blueprint for Australian IP to develop stronger agribusiness ties internationally. Finally, the grant will provide benefits to Australian agricultural and aquaculture industries through the creation of a new Tasmanian manufacturing industry.

EOT will build and commission an innovative manufacturing facility for production of fragrance ingredients from innovative Australian indigenous botanicals and marine (pearls and seaweed) and fungal products, and secure long term supply agreements for these products. It will be Australia's first Supercritical Fluid Extraction (SFE) plant using CO₂ for the extraction of ingredients and bioactive compounds.

Currently, EOT has over 500 ha of crops it owns (or that are under contract for food flavouring) that have created employment in Tasmania. By diversifying into perfume extractions, this project will lead to the creation of further job opportunities in the region and an opportunity for agribusiness in the southwest of Australia to revive the Boronia industry, assisting West Australian farmers to generate new revenues.

One of the core products derived from pearl farming is a by-product that represents + 95% of the harvested oyster. Atlas owns pearl farms across the South Seas that are differentiated through Australian IP. The pearling industry needs to diversify and maximise the use of its IP to build new income streams. There is substantial value adding from pearl by-products (pearl shell, viscera and waste pearls) which are currently discarded or earning less than \$3.00 kg. This project will create demand for the shell's active ingredients at a far greater value and generate new demand for other Australian perfume and cosmetic ingredients. As the business grows, EOT will seek to increase the size of existing supply agreements from Australian farmers and pearl producers.

The creation of a state of the art centre for the extraction of a number of critical ingredients for the fragrance and cosmetic industry will be built in Tasmania. It is expected the centre will contribute to the Tasmanian economy in terms of skilled job creation, exports and wide ranging collaboration with global organisations in the luxury industry.

Incoming Managing Director of Essential Oils of Tasmania, Stephen Gleeson will manage this next stage of growth. Mr Gleeson stated that:

"We thank Commercialisation Australia for its support of this worthwhile and important project for Tasmania and Australia. This funding provides independent confirmation that our extensive investment into the development of unique extraction techniques has reached the point of being commercialised into a substantial new export industry for Australia. We will leverage these funds and make a significant investment into Tasmania that will benefit other perfume crops, creating new jobs and export revenues.

"My role will focus on the achievement of the milestones related to the roll out of these funds and the establishment of commercial contracts with multi-nationals that demand high quality, consistent products that provide product differentiation for their customers. Our strategy allows us to produce luxury products at globally competitive costs to maximise our shareholder returns."

ATLAS

PEARLS AND PERFUMES

About Atlas

Atlas Pearls and Perfumes Limited ("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. Atlas operates pearl farms spread across the Indonesian archipelago, including Bali, Flores, and West Papua and specialises in the production of highly sought after white and silver pearls. Atlas is a fully integrated pearling business with its own high quality grading and loose pearl distribution business, a jeweller manufacturing capability and sales direct to customers through wholesale partners and via its retail outlets. In 2013, the Company expanded its operations through the acquisition of the well established Essential Oils of Tasmania (EOT). EOT 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.

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

For further information please contact:

Rod North, Managing Director,

Bourse Communications Pty Ltd

T: (03) 9510 8309, M: 0408 670 706,

E: rod@boursecommunications.com.au