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ASX RELEASE

Proposed Acquisition of Essential Oils of Tasmania and Market Update

Announcement

Atlas South Sea Pearl Limited (Atlas) has great pleasure in announcing its proposal to acquire an Australian flavour and fragrance manufacturer and is in the final stages of the creation of a new perfume marketing joint venture. These two complimentary initiatives will provide the platform to accelerate the export growth of Atlas perfumes and commercialisation of pearl by-products.

Essential Oils of Tasmania

Atlas has today agreed to purchase Essential Oils of Tasmania for a price of \$650,000, paid for by way of 10 million shares in Atlas at 6.5 cents per share. The purchase is conditional on a range of conditions precedent including Atlas raising a minimum of \$1.5 million in new working capital and obtaining shareholder approval.

Essential Oils of Tasmania has a 30 year history in plant processing, extraction, fractionation and aging of perfume ingredients. With the proposed acquisition of Essential Oils of Tasmania, Atlas will acquire the existing sales and export customers together with a range of extraction skills and secret processes that will be added to the Intellectual Property of the Group. This technical back-end will be central to managing the commercial roll out and utilisation of pearl by-products.

World Senses Pty Ltd

Atlas incorporated World Senses Pty Ltd in October 2012, in a 50:50 partnership with New York based group Nomad Two Worlds. Atlas is in the final stages of agreeing the terms of this joint venture, which will commercialise the production and export of existing and new products created by Essential Oils of Tasmania with a specific focus on pearl micronised powder, pearl perfume extracts, pearl cosmetic extracts, Perl'fume™ technology and Australian indigenous perfume ingredients such as Sandalwood Oil, Boronia and Fire Tree (*Xanthorrhoea Preissii*).

World Senses Pty Ltd will launch its first perfume, "Raw Spirit" in Sydney and New York this November. The perfume is a Fire Tree and Sandalwood based perfume.



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Financial Status of Atlas

Atlas South Sea Pearl Limited has been trading at historical low prices, which equates to less than 50% of its net tangible assets of \$25,182,888 as at 30 June 2012 (11 cents per ordinary share).

On 10 October 2012, Atlas had its most successful auction (Japan) and cleared 81% of the pearls offered for \$1.55 million. With pearl export prices remaining soft due to a high Australian dollar and challenging global markets, the Company is one of the few pearling ventures that remains profitable and anticipates generating a small normalised EBITDA of \$1.25 million from revenues of \$11.5 million in 2012. In spite of the poor global outlook for 2013, Atlas South Sea Pearl Limited still expects to grow its revenue over the next three years through better diversification, by-product usage and the higher levels of seeded oysters reported in the last two years as compared to its traditional pearling operations.

Funding

In conjunction with these new initiatives, Atlas South Sea Pearl Limited intends to seek to raise up to \$5 million to be used for working capital and expansion purposes, including the expanded perfume operations. The Company is investigating a range of alternatives to raise this capital including through equity or debt raisings (including by way of private placement and entitlements issue) and will make a further announcement when the structure of the raising is settled.

Vision and Purpose of Funds

Atlas has a strong management team that has built a 20 year track record in pearls. The pearling division is profitable but pearl prices and the Atlas share price has collapsed since the impact of the 2008 Global Financial Crisis.

Atlas needs to increase the scale and momentum of the Company to gain market support as a sustainable ASX company. To achieve this strategic goal Atlas has been developing its pearling by-products by investing in perfume technologies. The emerging technologies have provided opportunities in other plant based ingredients and expanded the product range to include a diversified luxury product mix that links perfume and pearl exports. As a result of the high Australian dollar and increasing Australian production of luxury bio-masses there are a wide range of commercial opportunities to acquire perfume technologies, raw materials and products.

With the technical skills of Essential Oils of Tasmania complimenting the innovation and marketing skills of Atlas Executive Chairman & CEO Stephen Birkbeck, the Group intends using the \$5 million that it intends to raise to strengthen the balance sheet of Atlas (incorporating the Essential Oils of Tasmania business) and create the foundation that will allow the Group to commercialise pearl by-products and have the financial and technical



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capacity to acquire other crude materials for refining into end products for export into the luxury supply chain.

Stephen Birkbeck
Executive Chairman & CEO
Atlas South Sea Pearl Limited

About Atlas

Atlas South Sea Pearl Limited (“Atlas”, ASX:ATP) is an Australian based pearling 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.