

ATLAS SOUTH SEA PEARL LIMITED
ABN 32 009 220 053



ENTITLEMENT OFFER PROSPECTUS

For a pro-rata non-renounceable entitlement offer of 1 New Share for every 5 Shares held by Eligible Shareholders registered at 4.00pm (AWST) on 27 November 2012 at an issue price of \$0.05 per New Share together with 1 free attaching unlisted New Option for every 1 New Share issued to raise up to approximately \$2,371,350 before costs.

The Entitlement Offer is scheduled to close at 5.00pm (AWST) on 18 January 2013.

IMPORTANT INFORMATION

This is an important document and requires your immediate attention.

If you are an Eligible Shareholder, you should read this Prospectus in its entirety before deciding whether to apply for New Shares and New Options.

If you do not understand any part of this Prospectus, or are in any doubt as to how to deal with it or your Entitlement, you should consult your stockbroker, accountant, solicitor or other professional adviser.

You should have regard to all publicly available information concerning the Company.

Important notices

You should read this entire Prospectus carefully before deciding whether to invest in New Shares and New Options. In particular, you should consider the key risks that could affect the performance of the Company or the value of an investment in the Company, some of which are outlined in **section 5** of this Prospectus.

However, the information provided in this Prospectus is not financial product advice and has been prepared without taking into account your investment objectives, financial circumstances or particular needs. Before deciding whether to apply for New Shares and New Options, you should consider whether they are a suitable investment for you in light of your own investment objectives and financial circumstances and having regard to the merits or risks involved. If, after reading this Prospectus, you have any questions about the Entitlement Offer, you should contact your stockbroker, accountant, solicitor or other professional adviser.

Regulatory Information

This Prospectus is dated 16 November 2012 and was lodged with ASIC on that date. This Prospectus has been prepared by the Company.

The Company will apply to ASX for quotation of the New Shares within 7 days of the date of this Prospectus.

Neither ASIC nor ASX take any responsibility for the contents of this Prospectus.

This Prospectus expires on the date 13 months after the date of this Prospectus. No securities will be allotted, issued or sold on the basis of this Prospectus after that date.

This is a Prospectus for an offer of 'continuously quoted securities' (as defined in the Corporations Act) of the Company and has been prepared in accordance with section 713 of the Corporations Act. Accordingly, this Prospectus does not contain the same level of disclosure as an initial public offering prospectus.

Disclaimer

Except as required by law, and only then to the extent so required, neither the Company nor any other person warrants the future performance of the Company, or any return on any investment made under this Prospectus. An investment in the New Shares and New Options offered by this Prospectus should be considered speculative.

No person is authorised to give any information or make any representation in connection with the Entitlement Offer described in this Prospectus which is not contained in this Prospectus. Any information or representation not contained in this Prospectus may not be relied on as having been

authorised by the Company in connection with the Entitlement Offer.

Forward-looking statements

This Prospectus includes forward-looking statements that have been based on current expectations about future acts, events and circumstances. These forward-looking statements are, however, subject to known and unknown risks, uncertainties and assumptions that could cause those acts, events and circumstances to differ materially from the expectations described in or implied by the forward-looking statements in this Prospectus.

In particular, this Prospectus details some important factors and risks that could cause the Company's actual results to differ from the forward-looking statements in this Prospectus (some of which are outlined in **section 5** of this Prospectus).

The pro-forma financial information provided in this Prospectus is for illustrative purposes only and is not represented as being indicative of the Company's view on its future financial condition and/or performance.

Prospectus availability

Shareholders with registered addresses in Australia, New Zealand and Hong Kong can obtain a copy of this Prospectus during the Offer Period on the Company's website at www.atlassouthseapearl.com.au or by calling the Atlas South Sea Pearl Information Line on 1300 850 505 (within Australia) or +61 3 9415 4000 (outside Australia) at any time from 8.30am to 5.00pm (AWST) Monday to Friday during the Offer Period. If you access the electronic version of this Prospectus, you should ensure that you download and read the entire Prospectus.

The electronic version of this Prospectus on the Company's website will not include a personalised Entitlement and Acceptance Form. You will only be entitled to accept the Entitlement Offer by completing and returning your personalised Entitlement and Acceptance Form, which accompanies this Prospectus, or by making a payment via BPAY® using the information provided on your personalised Entitlement and Acceptance Form (refer to **section 3** of this Prospectus for further information).

The Corporations Act prohibits any person from passing the Entitlement and Acceptance Form on to another person unless it is attached to a hard copy of this Prospectus or a complete and unaltered electronic version of this Prospectus.

The distribution of this Prospectus (including an electronic copy) outside Australia may be restricted by law. If you come into possession of this Prospectus, you should observe any such restrictions and should seek your own advice on those restrictions. Any non-compliance with the

restrictions may contravene applicable securities laws.

This document may not be released or distributed in the United States.

Foreign jurisdictions

This Prospectus has been prepared to comply with the requirements of the laws of Australia. No action has been taken to register the New Shares or otherwise permit an offering of New Shares in any jurisdiction outside of Australia.

New Zealand

The New Shares are not being offered or sold to the public within New Zealand other than to existing Shareholders of the Company with registered addresses in New Zealand to whom the offer of New Shares is being made in reliance on the Securities Act (Overseas Companies) Exemption Notice 2002 (New Zealand).

This Prospectus has not been registered, filed with or approved by any New Zealand regulatory authority under the Securities Act 1978 (New Zealand). This Prospectus is not an investment statement or prospectus under New Zealand law and is not required to, and may not, contain all the information that an investment statement or prospectus under New Zealand law is required to contain.

Hong Kong

The contents of this Prospectus have not been reviewed by any Hong Kong regulatory authority. You are advised to exercise caution in relation to the Entitlement Offer. If you are in doubt about any contents of this Prospectus, you should obtain independent professional advice.

United States

This Prospectus does not constitute an offer in any place in which, or to any person to whom, it would not be lawful to make such an offer. In particular, this Prospectus does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States. Any securities described in this Prospectus have not been, and will not be, registered under the US Securities Act and may not be offered or sold in the United States except in transactions exempt from, or not subject to, registration under the US Securities Act and applicable US state securities laws.

See **section 2.8** of this Prospectus for further details in relation to persons in other jurisdictions.

Glossary

Terms and abbreviations used in this Prospectus are explained in the Glossary in **section 7** of this Prospectus.

A reference in this Prospectus to time is a reference to the local time in Perth, Western Australia, unless otherwise stated.

All financial amounts in this Prospectus are

expressed in Australian dollars, unless otherwise stated.

Enquiries

If you have any questions in relation to the Entitlement Offer, please contact your stockbroker, accountant, solicitor or other professional adviser.

If you have questions in relation to the Existing Shares upon which your Entitlement has been calculated, or how to complete the Entitlement and Acceptance Form or take up all or part of your Entitlement, please call the Atlas South Sea Pearl Information Line on 1300 850 505 (within Australia) or +61 3 9415 4000 (outside Australia) at any time from 8.30am to 5.00pm (AWST) Monday to Friday during the Offer Period.

Privacy

Please read the privacy statement located in **section 6.5** of this Prospectus.

It is important you understand that by submitting an Entitlement and Acceptance Form or by making a payment via BPAY® using the information provided on the Entitlement and Acceptance Form, you consent to the matters outlined in that privacy statement.

Contents

Chairman's Letter	5
Key Offer Information	7
Key Dates	7
1 Investment Overview	9
2 Details of Entitlement Offer	14
3 How to Apply	22
4 Overview of the Company	27
5 Key Risks	36
6 Additional Information	43
7 Glossary	54

Chairman's Letter

Dear Shareholder,

On behalf of Atlas South Sea Pearl Limited (**Company**), I am pleased to invite you to participate in a 1 for 5 pro-rata non-renounceable entitlement offer at an offer price of \$0.05 per New Share (**Entitlement Offer**) to raise up to \$2.37 million together with 1 free attaching unlisted New Option for every 1 New Share issued subject to the terms of the Entitlement Offer outlined in this Prospectus.

The Company intends to use the proceeds of the Entitlement Offer to:

- support existing current assets;
- reduce existing debt in the Essential Oils of Tasmania business being acquired by the Company;
- fund research and development initiatives;
- fund increased production of strategic pearl by-product and perfume ingredients and commercialisation of new consumer products through World Senses Pty Ltd;
- fund expansion of the existing pearl auction strategy; and
- strengthen the balance sheet for general working capital purposes.

Further details of the use of the funds raised are set out in **section 2.1** of this Prospectus. In the event that completion of the acquisition of the Essential Oils of Tasmania business does not occur, it is the current intention of the Board to withdraw the Entitlement Offer.

The Entitlement Offer is non-renounceable, which means that entitlements to take up New Shares and New Options (**Entitlements**) are non-transferable and will not be tradeable on ASX. Shareholders who do not take up all or any part of their Entitlement will not receive any payment or value in respect of the Entitlement not taken up and their equity interest in the Company will be diluted.

This Prospectus contains important information about the Entitlement Offer. With this Prospectus, you will also find a personalised Entitlement and Acceptance Form that contains details of your Entitlement. Details of how to accept the Entitlement Offer are provided on the form and in **section 3** of this Prospectus.

The Entitlement Offer is scheduled to close at 5.00pm (AWST) on 18 January 2013. To participate, you need to ensure that you have completed and returned the Entitlement and Acceptance Form and paid all monies before this time and date or, alternatively, that you have paid all monies via BPAY® by no later than 2.00pm (AWST) on that date.

For further information regarding the Entitlement Offer, please call the Atlas South Sea Pearl Information Line on 1300 850 505 (within Australia) or +61 3 9415 4000 (outside Australia) between 8.30am and 5.00pm (AWST) Monday to Friday, or visit our website at www.atlassouthseapearl.com.au for more information about our Company. You should also consult your stockbroker, accountant, solicitor or other professional adviser to evaluate whether or not to participate in the Entitlement Offer.

On behalf of the Board of the Company, I thank you for your support of our Company.
Yours faithfully,

Stephen Birkbeck
Executive Chairman

Key Offer Information

Offer Price per New Share under the Entitlement Offer	\$0.05
Eligible Shareholders' Entitlement	1 New Share for every 5 Existing Shares held on the Record Date together with 1 free attaching New Option for every 1 New Share issued with an exercise price of \$0.05 and an expiry date 12 months after the date it is granted.
Approximate maximum Entitlement Offer Proceeds	\$2.37 million (before costs)
Approximate number of New Shares to be issued in respect of the maximum Entitlement Offer Proceeds	47.43 million
Approximate number of New Options to be issued in respect of the maximum Entitlement Offer Proceeds	47.43 million
Approximate maximum number of Shares on issue on completion of the Entitlement Offer (this includes Shares issued under the Acquisition and the Share Placement)	298.73 million
Approximate maximum number of Options on issue on completion of the Entitlement Offer	47.43 million

Key Dates

Prospectus lodged with ASX and ASIC	16 November 2012
'Ex' date	21 November 2012
Record Date	4.00pm (AWST) on 27 November 2012
Opening Date	30 November 2012
Prospectus and Entitlement and Acceptance Forms dispatched to Eligible Shareholders	30 November 2012
Closing Date for acceptance and payment	5.00pm (AWST) on 18 January 2013
Deferred settlement trading commences	21 January 2013
Notification of Under-Subscriptions	22 January 2013
Issue and allotment of New Shares and New Options	24 January 2013

Dispatch of holding statements	25 January 2013
--------------------------------	-----------------

Commencement of trading of New Shares	29 January 2013
---------------------------------------	-----------------

Note: All dates (other than the date of lodgement of the Prospectus with ASX and ASIC) are indicative only. The Company reserves the right, subject to the Corporations Act, ASX Listing Rules and other applicable laws, to vary the dates of the Entitlement Offer, including extending the Closing Date or accepting late applications, either generally or in particular cases, without notice.

1 Investment Overview

1.1 Investment highlights

Overview		
Strong Board, technically strong management with technology capability	<p>The Company's CEO, Stephen Birkbeck, has experience over many years in successfully operating businesses in the luxury products industry and has been recognised by the industry as a leader in the sustainable management of such businesses.</p> <p>The Board has a balanced mix of experience and technical capabilities appropriate for the Company and a clear understanding of the risks associated with the Company's business.</p>	Section 4.6
Established business	<p>Atlas first commenced pearl farming in 1992 and has in place an existing vertically integrated business ranging from pearl farms, pearl distribution networks, jewellery manufacture and retail outlets.</p>	Section 4.1
Focus on greater diversification of revenue streams	<p>New perfume product lines will be added to the Company's pearl export business. Based on existing research and development, new perfume exports will be commercialised to build greater diversity and scale to revenue streams following the acquisition of the Essential Oils of Tasmania business mentioned below.</p> <p>The Atlas Group will focus on a greater diversification in revenue sources through a greater use of pearl by-products, for example, Atlas' Perl'fume™, perfume infused pearl technology, pearl volatile extraction, fire tree extraction and raw material supply to the World Senses joint venture mentioned below.</p>	Sections 4.2 and 4.6
Conditional agreement to acquire Essential Oils of Tasmania	<p>The pending acquisition of Essential Oils of Tasmania, a company that specialises in extraction and refining of oils from natural products, will provide the Company with greater technical expertise and assist in the commercialisation of new products. Essential Oils of Tasmania is an established business. It has, in the Directors' opinion, built a strong technical foundation as one of regional Australia's natural ingredient extraction specialists.</p>	Section 4.3
World Senses joint venture	<p>The Company has established a joint venture with Nomad, a New York based marketing and design company who will assist in the commercialisation and branding of the Company's products.</p>	Section 4.4
Board support	<p>Stephen Birkbeck has indicated that it is his present intention to take up his Entitlement under the Entitlement Offer. Should Mr Birkbeck ultimately elect to take up his Entitlement, approximately \$300,909 will be raised.</p> <p>Geoffrey Newman has also indicated that it is his present intention to take up approximately \$6,400 of New Shares pursuant to his Entitlement under the Entitlement Offer.</p>	Sections 2.2 and 5.3

1.2 Key risks

A more detailed explanation of these and other risks is set out in **section 5** of this Prospectus.

Climate risk	The Company's pearl farming operations are susceptible to climatic changes, which affect water temperature, salinity and nutrient content. The Company has mitigated some of this risk by geographical diversification of its business.	Section 5.2
Pollution and disease	The production of pearl oysters may be affected by pollution and diseases. The Company manages this risk through rigorous cleaning and health monitoring. The risk of pollution is reduced through the remote location of the Company's oyster farms.	Section 5.2
Retention of key personnel	The Company's management team is highly trained in technical issues that are required to successfully operate a pearl farming business. The Company's operations may be adversely impacted if one or more the key management personnel cease employment. To mitigate this risk remuneration and working conditions are set to retain these personnel and a rigorous training programme is in place for newer members of the management team to allow for succession.	Section 5.2
Financing	The Company's ability to meet its repayment obligations and covenants to financiers is dependent on the ability of the Company to generate cash flows or its ability to secure alternative financing, which are affected by a range of factors. If the Company is unable to meet those obligations and covenants it may not be able to fund operations and, in extreme circumstances, continue as a going concern.	Section 5.2
Commercialisation of pearl by-products and perfumes	The Company is only in early stages of pursuing its current objectives of commercialising pearl by-products and manufacturing and selling perfumes and, despite its best efforts, there is no guarantee it will be successful and commercially viable and that these initiatives will result in sustained cash flows for the Company.	Section 5.2
Capital availability	The Company's ability to raise adequate funding on acceptable terms, including through the Funding and this Entitlement Offer, may be adversely impacted by a number of factors including changes to product prices, market conditions and the capital raising environment at that time.	Section 5.2
Litigation and counterparty risks	The Company, as a commercial business, is exposed to potential legal and other claims or disputes in the course of its business, including claims by employees, regulators or other third parties. As with any litigation, there is a risk that defending such claims, or the outcome of the claims, may have an adverse impact on the Company. The Company's financial performance is also exposed to and may be adversely impacted by the actions or failure of counterparties to its contracts.	Section 5.2

Insurance	The Company's insurance may not always be of a nature or level to provide adequate cover, and appropriate insurance may not be available on acceptable terms.	Section 5.2
Liquidity risk	The Company may be affected by deterioration in its cash flows. The Company manages liquidity risk by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.	Section 5.2
Currency risk	The Company trades in Japanese Yen for the negotiation of pearl sales and a large proportion of the Company's operating expenditure is in Indonesian Rupiah. Therefore, movements in foreign exchange rates may affect the Company's financial performance.	Section 5.2
Pricing and competition risk	Pearls trade as a luxury product and their price is subject to changes in supply and demand. The Company's South Sea pearls compete with other pearls such as Black pearls, Akoya pearls and fresh water pearls. Pearls also compete with other gems. Demand for luxury products may also be impacted by the volatility currently being experienced in the global economy generally, particularly as it impacts on customer sentiment and levels of consumption. Changes in the level of demand may affect the Company's financial performance.	Section 5.2
Geo-political and security risk	The Company's farming assets are located in Indonesia and are subject to the political and security risks associated with that region.	Section 5.2
Share liquidity and volatility	Due to the nature and size of the Company, liquidity for Shares can be low impacting on your ability to sell Shares. The New Options are unlisted and are not transferrable.	Section 5.2
Entitlement Offer	There are certain risks associated with participating or not participating in the Entitlement Offer, including: <ul style="list-style-type: none"> • your Shareholding in the Company may be diluted as a result of not taking up your full Entitlement; and • if the Company is unable to successfully complete the Entitlement Offer, it will have to consider alternative funding options, which may or may not be available on acceptable terms or may result in dilution to Shareholders. 	Section 5.3
General risk factors	Investment in the Company may be affected by a number of general risk factors including economic conditions, share market conditions, geo-political factors and government policies and legislation.	Section 5.4

1.3 The Entitlement Offer

What is the Entitlement Offer?	The Entitlement Offer is a pro-rata non-renounceable offer made to Eligible Shareholders to subscribe for New Shares and New Options.	Section 2.2
What is my	Each Eligible Shareholder is entitled to subscribe for 1 New Share	Entitlement

Entitlement?	for every 5 Existing Shares held on the Record Date, and 1 free attaching unlisted New Option for every 1 New Share issued under the Entitlement Offer, subject to the terms of this Prospectus.	and Acceptance Form
What is the Offer Price?	The Offer Price is \$0.05 per New Share. There is no consideration payable for the issue of New Options.	Section 2.5
Am I an Eligible Shareholder?	Eligible Shareholders are those persons who: <ul style="list-style-type: none"> • are registered as a holder of Shares as at 4.00pm (AWST) on 27 November 2012; • have a registered address in Australia, New Zealand or Hong Kong or are, in the opinion of the Company, otherwise eligible under all applicable securities laws to receive an offer of New Shares under the Entitlement Offer; and • are not in the United States and are subscribing for the New Shares in an 'offshore transaction' (as defined in Rule 902(h) of the US Securities Act). 	Sections 2.7 and 2.8
How much will be raised from the Entitlement Offer?	The Entitlement Offer will raise approximately \$2.37 million (before costs).	Sections 4.5 and 4.9
What is the purpose of the Entitlement Offer and how will the funds raised be used?	The Company intends to use the proceeds of the Entitlement Offer to support existing current assets, reduce existing debt in the Essential Oils of Tasmania business being acquired by the Company, fund research and development initiatives, fund increased production of strategic pearl by-product and perfume ingredients and commercialisation of new consumer products through World Senses, fund expansion of the existing pearl auction strategy and strengthen the balance sheet for general working capital purposes. See section 2.1 for further details. It is the current intention of the Board to withdraw the Entitlement Offer if completion of the acquisition of the Essential Oils Tasmania business does not occur.	Sections 2.1 and 2.15
Is the Entitlement Offer underwritten?	No. However, the Board reserves the right to place any Shortfall arising under the Entitlement Offer.	Section 2.6
What are the tax implications of participating in the Entitlement Offer?	Taxation implications will vary depending upon the specific circumstances of individual Shareholders. Investors should obtain their own professional advice as to the particular taxation treatment which will apply to them.	Section 6.8
Can I apply for Additional New Shares and New Options above my Entitlement?	Yes – Eligible Shareholders who take up all of their Entitlement may also apply for New Shares and New Options in excess of their Entitlement, subject to there being a sufficient Shortfall and subject to the Board's discretion.	Section 2.3
Where can I find more information about the Company?	For more information on the Company, see section 4 of this Prospectus.	Section 4

1.4 Actions for Eligible Shareholders

How do Eligible Shareholders find out what their Entitlement is?	Your Entitlement is set out on the personalised Entitlement and Acceptance Form accompanying this Prospectus.	Entitlement and Acceptance Form
What can I do with my Entitlement?	You can do the following: <ul style="list-style-type: none">• take up all or part of your Entitlement; or• do nothing, in which case your Entitlement will lapse. You may also choose to apply for Additional New Shares and New Options, as described in section 2.3 .	Section 3.1
Can I trade my Entitlement?	No – the Entitlement Offer is non-renounceable, meaning you cannot trade your Entitlement.	Section 2.10
What happens if I do not take up my Entitlement, or take up only part of my Entitlement?	If you do not take up all of your Entitlement by the Closing Date, then New Shares and New Options representing the number of New Shares and New Options not taken up under your Entitlement will form part of the Shortfall. This will likely result in your interest in the Company being diluted.	Section 3.3
How do I accept the Entitlement Offer? And how do I apply for Additional New Shares and New Options?	If you wish to take up all or part of your Entitlement (and if you wish to apply for Additional New Shares and New Options), you must either: <ul style="list-style-type: none">• complete and return the personalised Entitlement and Acceptance Form to the Share Registry together with a cheque, bank draft or money order for the full Application Monies so that it is received by the Share Registry by no later than 5.00pm (AWST) on the Closing Date; or• pay the full Application Monies via BPAY® by no later than 2.00pm (AWST) on the Closing Date. in accordance with instructions set out in section 3 and on your Entitlement and Acceptance Form.	Section 3.4

1.5 Further information

If you have any questions about the Entitlement Offer that are not answered in this Prospectus you should consult your stockbroker, accountant, solicitor or other professional adviser before deciding to invest or call the Atlas South Sea Pearl Information Line on 1300 850 505 (within Australia) or +61 3 9415 4000 (outside Australia) at any time from 8.30am to 5.00pm (AWST) Monday to Friday during the Offer Period.

2 Details of Entitlement Offer

2.1 Purpose of Entitlement Offer and use of funds

The purpose of the Entitlement Offer is to raise up to \$2,371,350 (before costs), to be used to:

- support existing current assets;
- reduce existing debt in the Essential Oils of Tasmania business being acquired by the Company;
- fund research and development initiatives;
- fund increased production of strategic pearl by-product and perfume ingredients and commercialisation of new consumer products through World Senses;
- fund expansion of the existing pearl auction strategy; and
- strengthen the balance sheet for general working capital purposes.

The Entitlement Offer Proceeds are planned to be used in accordance with the table set out below:

Use of funds	\$
Support existing current assets and research and development initiatives	\$250,000
Reduce Essential Oils of Tasmania debt	\$600,000
Increased production of strategic pearl by-product and perfume ingredients and commercialisation of new consumer products through World Senses	\$800,000
Expansion of the existing pearl auction strategy	\$250,000
Costs of Entitlement Offer	\$75,000
Strengthen the balance sheet for general working capital purposes	\$396,350
Total	\$2,371,350

Any funds received by the Company on exercise of the New Options will be used to fund general working capital.

The above is a statement of the Board's current intention as at the date of this

Prospectus. However, Shareholders should note that, as with any budget, the allocation of funds set out in the above table may change depending on a number of factors, including the outcome of operational and development activities, regulatory developments, market and general economic conditions and environmental factors. In light of this, the Board reserves the right to alter the way the funds are applied.

In the event that Eligible Shareholders do not take up all of their Entitlements and any Shortfall is not successfully placed, resulting in less than the maximum amount being raised, the proceeds of the Entitlement Offer will be allocated to the costs of the Entitlement Offer and reducing Essential Oils of Tasmania debt, with general working capital and other allocations being reduced on a pro-rata basis. In the event that less than adequate funds are raised to pay the costs of the Entitlement Offer and other proposed uses of funds, the Company is likely to need to use existing cash resources to pay those amounts or make other alternative arrangements.

2.2 Structure of Entitlement Offer

Approximately 47,427,014 New Shares are being offered at an Offer Price of \$0.05 per New Share. Each Eligible Shareholder has the opportunity to subscribe for 1 New Share for every 5 Existing Shares held on the Record Date, together with 1 free attaching New Option for every 1 New Share issued under the Entitlement Offer.

The free attaching New Options are exercisable at \$0.05 on or before the date 12 months after the date of their grant.

The full terms of the New Options are set out in **section 6.4**.

Due to rounding of Entitlements under the Entitlement Offer based on Shareholdings on the Record Date, among other things, the exact number of New Shares and New Options to be issued will not be known until completion of the Entitlement Offer.

The Entitlement Offer is intended to raise up to approximately \$2.37 million (before costs).

Eligible Shareholders are being sent this Prospectus together with a personalised Entitlement and Acceptance Form and are invited to apply for New Shares and New Options. The Entitlement Offer opens on 30 November 2012 and is scheduled to close at 5.00pm (AWST) on 18 January.

The Company's Executive Chairman and CEO, Stephen Birkbeck, has indicated that it is his present intention to take up his Entitlement under the Entitlement Offer. Should Mr Birkbeck ultimately elect to take up his Entitlement, approximately \$300,909 will be raised. Geoffrey Newman, a Non-executive Director of the Company, has also indicated that it is his present intention to take up \$6,400 of New Shares pursuant to his Entitlement under the Entitlement Offer.

2.3 Additional New Shares and New Options

Eligible Shareholders who take up all of their Entitlement may also apply for New Shares and New Options in excess of their Entitlement (**Additional New Shares and New Options**).

Any Additional New Shares and New Options will be limited to the extent that there are sufficient New Shares and New Options from Eligible Shareholders who do not take up their full Entitlements (i.e. that form part of the Shortfall) or from New Shares and New Options that would have been offered to Ineligible Shareholders (as defined in **section 2.8** below) if they had been entitled to participate in the Entitlement Offer.

Additional New Shares and New Options will only be allocated to Eligible Shareholders, if and to the extent that the Company so determines, in its absolute discretion, having regards to circumstances as at the time of the close of the Entitlement Offer and subject to the Corporations Act and the ASX Listing Rules. The Company may apply any scale-back in its absolute discretion. The Company's decision on the number of Additional New Shares and New Options allocated to Eligible Shareholders will be final.

To the extent that there remains any Shortfall in the take-up of the Entitlement Offer following allocations of Additional New Shares and New Options, the Directors reserve the right to issue the Shortfall at their discretion.

2.4 No minimum subscription

There is no minimum subscription for the Entitlement Offer.

2.5 Offer Price

The Offer Price is \$0.05 per New Share. This is payable on taking up your Entitlement. There is no consideration payable for the issue of New Options.

Additional New Share and New Options are also offered at \$0.05 per New Share, payable at the time of applying for Additional New Share and New Options.

2.6 Shortfall

The Directors reserve the right in accordance with the Corporations Act and ASX Listing Rule 7.2 (exemption 3) to place any Shortfall at their discretion with:

- Eligible Shareholders whose acceptance exceeds their Entitlement; and
- any other parties selected by them.

Any New Shares and New Options the subject of the Shortfall will be placed no later than 3 months after the Closing Date and will be issued on the same terms as are offered to Eligible Shareholders under the Entitlement Offer.

This arrangement does not constitute an underwriting of the Entitlement Offer or the Shortfall. The Offer is not underwritten and there is no guarantee that any amount of the Shortfall (if any) will be successfully placed to investors.

The offer of any New Shares and New Options comprised in any Shortfall is a separate offer made pursuant to this Prospectus and will remain open for up to 3 months following the Closing Date. The purpose of offering New Shares and New Options comprised in the Shortfall is to comply with section 708A(11) of the Corporations Act so that sophisticated and professional investors issued New Shares and New Options pursuant to the placement of the Shortfall can sell their New Shares within the next twelve months without the issue of a prospectus.

Eligible Shareholders who subscribe for New Shares and New Options in excess of their Entitlement are not guaranteed to be issued any New Shares and New Options in excess of their Entitlement. The number, if any, of New Shares and New Options Eligible Shareholders will be issued in excess of their Entitlement will depend on demand for New Shares and New Options from other Eligible Shareholders and from other persons to whom the Company decides to offer New Shares and New Options, and any scale back that the Company may apply (in its absolute discretion).

In processing applications for the Shortfall and allocating the New Shares and New Options under the Shortfall, the Directors will also ensure no Shareholder becomes entitled to more than 20% of total Shares on issue (in order to ensure no Shareholder breaches the Corporations Act).

You may apply for any New Shares and New Options comprised in any Shortfall by completing the relevant section of your Entitlement and Acceptance Form sent with the Prospectus or, for sophisticated and professional investors, pursuant to a separate application form provided by the Directors. Payment for New Options and New Shares comprised in the Shortfall must be made in the same manner as described in **section 3** of the Prospectus.

2.7 Eligible Shareholders

Eligible Shareholders are those persons who:

- are registered as a holder of Shares as at 4.00pm (AWST) on 27 November 2012;
- have a registered address in Australia, New Zealand or Hong Kong or are, in the opinion of the Company, otherwise eligible under all applicable securities laws to receive an offer of New Shares under the Entitlement Offer; and
- are not in the United States and are subscribing for the New Shares in an 'offshore transaction' (as defined in Rule 902(h) of the US Securities Act).

See below regarding the treatment of foreign Shareholders.

2.8 Treatment of foreign Shareholders

This Prospectus and the accompanying Entitlement and Acceptance Form do not constitute an offer of New Shares and New Options in any jurisdiction in

which, or to any person to whom, it would be unlawful to make such an offer.

Return of a duly completed Entitlement and Acceptance Form or BPAY® payment will be taken by the Company to constitute a representation by the Applicant that there has been no breach of applicable securities laws.

The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and anyone who receives this Prospectus should seek advice on and observe such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws. No action has been taken to register or qualify the New Shares and New Options or the Entitlement Offer, or otherwise permit a public offering of New Shares and New Options, in any jurisdiction outside Australia. New Shares and New Options may not be offered or sold in any country outside Australia except to the extent permitted below.

It is the responsibility of any Applicant to ensure compliance with any laws of the country relevant to their application. Return of a duly completed Entitlement and Acceptance Form and/or payment of Application Money will be taken by the Company to constitute a representation that there has been no breach of such laws and that the Applicant is physically present in Australia, New Zealand or Hong Kong.

New Zealand

The New Shares are not being offered or sold to the public within New Zealand other than to existing Shareholders of the Company with registered addresses in New Zealand to whom the offer of New Shares is being made in reliance on the Securities Act (Overseas Companies) Exemption Notice 2002 (New Zealand).

This Prospectus has not been registered, filed with or approved by any New Zealand regulatory authority under the Securities Act 1978 (New Zealand). This Prospectus is not an investment statement or prospectus under New Zealand law and is not required to, and may not, contain all the information that an investment statement or prospectus under New Zealand law is required to contain.

Hong Kong

The contents of this Prospectus have not been reviewed by any Hong Kong regulatory authority. You are advised to exercise caution in relation to the Entitlement Offer. If you are in doubt about any contents of this Prospectus, you should obtain independent professional advice.

Ineligible Shareholders

Shareholders who are not Eligible Shareholders are **Ineligible Shareholders**.

The Company has determined, in reliance on Listing Rule 7.7.1, that it would be unreasonable to extend the Entitlement Offer to Ineligible Shareholders, having regard to the:

- small number of Ineligible Shareholders;

- small number and value of the New Shares and New Options which would be offered to Ineligible Shareholders if they were Eligible Shareholders; and
- cost of complying with the legal and regulatory requirements in the respective overseas jurisdictions.

Accordingly, the Entitlement Offer is not being extended to any Shareholders outside Australia, New Zealand and Hong Kong, unless, in the opinion of the Company, that Shareholder would be eligible under all applicable securities laws to receive an offer of New Shares and New Options under the Entitlement Offer.

The Company will notify all Ineligible Shareholders of the Entitlement Offer and advise that the Company is not extending the Entitlement Offer to those Shareholders.

2.9 Nominees, trustees and custodians

The foreign selling restrictions under the Entitlement Offer summarised in **section 2.8** apply to the underlying beneficial holder. Nominees, trustees or custodians must not apply on behalf of any beneficial holder that would not itself be an Eligible Shareholder.

Shareholders who hold Shares on behalf of persons whose registered address is not in Australia, New Zealand or Hong Kong are responsible for ensuring that accepting the Entitlement Offer does not breach securities laws in the relevant overseas jurisdictions.

Shareholders who are nominees, trustees or custodians are therefore advised to seek professional advice as to how they should proceed. Failure to comply with restrictions set out in this Prospectus may result in violations of applicable securities laws.

In particular, nominees, trustees and custodians must not:

- send any materials relating to the Entitlement Offer into the United States or to any other country outside Australia, New Zealand and Hong Kong except to beneficial Shareholders who are institutional or professional investors in other countries listed in, and to the extent permitted under, **section 2.8** above; or
- submit an Application or otherwise accept the Entitlement Offer on behalf of a person in the United States or any other country outside Australia, New Zealand and Hong Kong except beneficial Shareholders who are institutional or professional investors in other countries listed in, and to the extent permitted under, **section 2.8** above.

2.10 Trading of Entitlements

Entitlements cannot be traded on ASX or any other exchange, or privately transferred.

2.11 ASX quotation and trading of New Shares

The Company will apply to ASX for the official quotation of the New Shares. The New Options will not be quoted on the ASX.

Subject to approval being granted, it is expected that normal trading of New Shares issued under the Entitlement Offer will commence on 29 January 2013. If ASX does not permit quotation within three months from the date of this Prospectus, the Application Monies will be refunded in full without interest.

Holding statements are expected to be dispatched to Eligible Shareholders on 25 January 2013. It is the responsibility of each Applicant to confirm their holding before trading in New Shares commences. Any Applicant who sells New Shares before receiving confirmation of their holding in the form of their holding statement will do so at their own risk. The Company disclaims all liability, whether in negligence or otherwise (and to the maximum extent permitted by law), to persons who trade New Shares before receiving their holding statements, whether on the basis of confirmation of the allocation provided by the Company or the Share Registry.

2.12 Rounding and determining Entitlements

All Entitlements will be rounded up to the nearest whole number of New Shares and New Options.

The Company reserves the right (in its absolute discretion) to reduce the number of New Shares and New Options allocated to Eligible Shareholders, or persons claiming to be Eligible Shareholders, if their allocations or claims prove to be overstated.

2.13 Ranking of New Shares

New Shares will be issued on a fully paid basis and will rank equally in all respects with Existing Shares.

2.14 Application Monies

All Application Monies will be held by the Company in a bank account on trust for Applicants until the New Shares are issued or, if the New Shares are not issued, until the Application Monies are returned to Applicants.

The bank account will be established and maintained by the Company solely for the purposes of depositing Application Monies and retaining those funds for as long as required under the Corporations Act.

Interest earned on the Application Monies will be for the benefit of, and will remain the property of, the Company and will be retained by the Company whether or not the allotment and issue of New Shares take place.

Amounts received by the Company in excess of your Entitlement (**Excess Amount**) may be treated as an Application to apply for as many Additional New Shares and New Options as your Excess Amount will pay for in full. Alternatively, your Application may not be accepted.

Any Application Monies received for more than your final allocation of New

Shares and Additional New Shares and New Options (if any) will be refunded as soon as practicable after the Closing Date (except for where the amount is less than the Offer Price, in which case it will be retained by the Company).

If the New Shares are not issued to you, a cheque will be drawn and relevant Application Monies will be refunded as soon as practicable after the Closing Date.

2.15 Withdrawal of the Entitlement Offer

The Company reserves the right to withdraw the Entitlement Offer at any time, in which case the Company will refund Application Monies in accordance with the Corporations Act and will do so without interest. It is the current intention of the Board to withdraw the Entitlement Offer if completion of the Acquisition does not occur.

2.16 CHESS

The Company participates in the Clearing House Electronic Subregister System (**CHESS**). ASX Settlement Pty Ltd (**ASX Settlement**), a wholly-owned subsidiary of ASX, operates CHESS in accordance with the ASX Listing Rules and ASX Settlement Operating Rules.

Under CHESS, Applicants will not receive a certificate but will receive a statement of their holding of New Shares.

If you are broker sponsored, ASX Settlement will send you a CHESS statement. The CHESS statement will set out the number of New Shares issued to you under this Prospectus, and provide details of your holder identification number and the participant identification number of the sponsor. A CHESS allotment advice will be despatched from the Share Registry on 25 January 2013.

If you are registered on the Issuer Sponsored sub-register, your statement will be dispatched by the Share Registry on 25 January 2013 and will contain the number of New Shares issued to you under this Prospectus and your security holder reference number.

A CHESS statement or Issuer Sponsored statement will routinely be sent to Shareholders at the end of any calendar month during which the balance of their Shareholding changes. Shareholders may request a statement at any other time. However, a charge may be incurred for additional statements.

3 How to Apply

Eligible Shareholders

You should read this section in its entirety for instructions in relation to the choices available to you as an Eligible Shareholder. You should also refer to **section 2** for an overview of the Entitlement Offer.

Foreign Shareholders

Please refer to **section 2.8** to determine whether you are an Eligible Shareholder.

3.1 Choices available

Eligible Shareholders may do any of the following:

- take up all or part of their Entitlement (refer to **section 3.2**); or
- do nothing (refer to **section 3.3**).

Eligible Shareholders who take up all of their Entitlement may also choose to apply for Additional New Shares and New Options as described in **section 2.3**.

You are not required to take any action in relation to the New Options. The New Options are free attaching Options and therefore 1 New Option will be issued for every 1 New Share issued under the Entitlement Offer.

The Entitlement Offer is a pro-rata offer to Eligible Shareholders and is not underwritten. Eligible Shareholders who take up their Entitlement in full will not have their percentage Shareholding in the Company diluted by the Entitlement Offer. The percentage Shareholding of Eligible Shareholders who do not take up all of their Entitlement will be diluted.

For further details on the effect of the Entitlement Offer on the Company, please refer to **section 4.8**.

3.2 If you wish to take up all or part of your Entitlement

If you wish to take up all or part of your Entitlement, complete the Entitlement and Acceptance Form in respect of the number of New Shares (including any Additional New Shares) you wish to subscribe for and arrange for payment of the Application Monies in accordance with **section 3.4**.

3.3 Allowing all or part of your Entitlement to lapse

If you decide not to accept all or part of your Entitlement to New Shares, or fail to accept by the Closing Date, the part of your Entitlement not accepted will lapse. The New Shares not subscribed for will form part of the Shortfall.

You should note that if you do not take up your Entitlement, then although you will continue to own the same number of Shares, your percentage holding in the Company will be reduced.

3.4 Payment and return of Entitlement and Acceptance Form

You have two payment options in order to take up your Entitlement.

Option 1: Submit your completed Entitlement and Acceptance Form together with a cheque, bank draft or money order.

To follow Option 1, you should:

- complete the personalised Entitlement and Acceptance Form accompanying this Prospectus in accordance with the instructions set out on that form, and indicate the number of New Shares (including any Additional New Shares) you wish to subscribe for; and
- return the form to the Share Registry (address details below) together with a cheque, bank draft or money order which must be:
 - in respect of the full Application Monies (being \$0.05 multiplied by the number of New Shares (including any Additional New Shares) you wish to subscribe for); and
 - in Australian currency drawn on an Australian branch of a financial institution; and
 - made payable to 'Atlas South Sea Pearl Limited' and crossed 'Not Negotiable'.

You should ensure that sufficient funds are held in the relevant account(s) to cover the Application Monies. If the amount of your cheque for Application Monies (or the amount for which the cheque clears in time for allocation) is insufficient to pay for the number of New Shares you have applied for in your Entitlement and Acceptance Form in full, you will be taken to have applied for the lower number of whole New Shares as your cleared Application Monies will pay for (and to have specified that number of New Shares on your Entitlement and Acceptance Form). Alternatively, your Application will be rejected.

Cash payments will not be accepted. Receipts for payment will not be issued.

You need to ensure that your completed Entitlement and Acceptance Form and cheque, bank draft or money order reaches the Share Registry at the address below by no later than 5.00pm (AWST) on 18 January 2013.

Your completed Entitlement and Acceptance Form and cheque, bank draft or money order must be returned to the Share Registry at the following address:

By hand delivery Atlas South Sea Pearl Limited
C/- Computershare Investor Services Pty Limited
Level 2, 45 St Georges Terrace
PERTH WA 6000
AUSTRALIA

By post Atlas South Sea Pearl Limited
C/- Computershare Investor Services Pty Limited
GPO Box 505
MELBOURNE VIC 3001

AUSTRALIA

Entitlement and Acceptance Forms (and payment of Application Monies) may not be accepted if received after 5.00pm (AWST) on 18 January 2013 or at the Company's registered or corporate offices.

Option 2: Pay via BPAY® payment

To follow Option 2, you should pay the full Application Monies, being \$0.05 multiplied by the number of New Shares comprising your Entitlement (plus any Additional New Shares), or, if you are subscribing for only part of your Entitlement, the number of New Shares you wish to subscribe for, via BPAY® payment in accordance with the instructions set out on the personalised Entitlement and Acceptance Form (which includes the biller code and your unique customer reference number). You can only make a payment via BPAY® if you are the holder of an account with an Australian financial institution.

Please note that if you choose to pay by BPAY® payment:

- you do not need to submit the personalised Entitlement and Acceptance Form but are taken to make the statements on that form; and
- if you subscribe for less than your Entitlement or do not pay for your full Entitlement, you are taken to have taken up your Entitlement in respect of such whole number of New Shares which is covered in full by your Application Monies.

You need to ensure that your BPAY® payment is received by the Share Registry by no later than 2.00pm (AWST) on 18 January 2013. Applicants should be aware that their own financial institution may implement earlier cut off times with regards to electronic payment, and should therefore take this into consideration when making payment. It is the responsibility of the Applicant to ensure that funds are submitted through BPAY® by the date and time mentioned above.

Effect of returning Entitlement and Acceptance Form or making BPAY® payment

If an Application is not completed or submitted correctly it may still be treated as a valid Application. The Company's decision whether to treat an Application as valid and how to construe, amend, complete or submit an Application is final.

Returning a completed Entitlement and Acceptance Form or making a BPAY® payment will be taken to constitute a representation by the Applicant that they:

- are an Eligible Shareholder;
- have received, read and understood a printed or electronic copy of this Prospectus and the accompanying Entitlement and Acceptance Form;
- agree to be bound by the terms of this Prospectus and the

Constitution;

- declare that the law of any other place does not prohibit them from being given this Prospectus or making an application for New Shares or New Options;
- declare that all details and statements in the Entitlement and Acceptance Form are complete and accurate;
- declare that they are the current registered holder(s) of the Shares in their name at the Record Date;
- declare that they are over 18 years of age and have full legal capacity and power to perform all their rights and obligations under the Entitlement and Acceptance Form;
- acknowledge that once the Entitlement and Acceptance Form is returned or a BPAY® payment made their acceptance may not be withdrawn, except as allowed by law;
- agree to being issued the number of New Shares and New Options they apply for at the Offer Price (or a lower number issued in a way described in this Prospectus) and, subject to **section 2.3**, to being issued up to the number of Additional New Shares and New Options they apply for at the Offer Price;
- authorise the Company to register them as the holder(s) of the New Shares and New Options allotted or granted to them;
- acknowledge that the information contained in this Prospectus is not investment advice or a recommendation that New Shares or New Options are suitable for them, given their investment objectives, financial situation or particular needs; and
- authorise the Company and its officers or agents to do anything on their behalf necessary for New Shares or New Options to be issued to them, including correcting any errors in their Entitlement and Acceptance Form or other form provided by them and acting on instructions received by the Share Registry using the contact details in the Entitlement and Acceptance Form.

3.5 Enquiries

If you are in doubt as to the course you should follow, you should consult your stockbroker, accountant, solicitor or other professional adviser before deciding to invest. If you:

- have questions in relation to the Existing Shares upon which your Entitlement has been calculated;
- have questions on how to complete the Entitlement and Acceptance Form or take up your Entitlement; or
- have lost your Entitlement and Acceptance Form and would like a replacement form,

please call the Atlas South Sea Pearl Information Line on 1300 850 505 (within Australia) or +61 3 9415 4000 (outside Australia) at any time from 8.30am to 5.00pm (AWST) Monday to Friday during the Offer Period.

4 Overview of the Company

4.1 Current operations

The Company was established as a pearl farming company in 1992. It has grown into a fully integrated and diversified pearling business involved in the establishment of pearl farms in the Indonesian archipelago, high quality grading and loose pearl distribution, jewellery manufacture and wholesale distribution and the operation of jewellery stores in Indonesia and Western Australia.

The Company's primary business is to build a competitive advantage in the farming, harvesting, grading, processing, extraction, refining, raw material exports distribution, wholesaling and retailing of pearls, pearl by-products and perfume. The Company provides a range of pearl raw materials, perfume technologies, market concepts, and consumer products that can demonstrate to the supply chain competitive advantage and product differentiation that are linked through pearls, micronized powder products and a range of Australian and Indonesian perfume ingredients.

Further details regarding the Company and its operations are disclosed in the Company's Interim Financial Report for the period ended 30 June 2012 released to ASX on 31 August 2012 and the Company's 2011 Annual Report released on 2 April 2012. These announcements are available on the Company's website (www.atlassouthseapearl.com.au) and on ASX's website (www.asx.com.au).

4.2 Commercialisation of pearl by-products

As a consequence of recent changes to market conditions in the pearling industry and generally, the Company has sought to identify new ways of enhancing revenue potential through vertical integration and the expansion of its value-adding opportunities.

Pursuant to this objective, the Company is exploring methods for commercially utilising pearl by-products, being the remainder of the oyster materials once the pearl has been harvested, and identifying new markets in the luxury sector for products manufactured from those materials.

As part of this process, the Company has conducted research into the ability to link the pearl and perfume industries. Atlas' Perl'fume™ infused perfume and pearl technology is being developed into a limited edition jewellery range. Atlas has also acquired technology for the isolation of proteins and fragrance from the pearl nacre, which is being used to develop a market for pearl powders and extracts.

4.3 Acquisition of EOT

On 22 October 2012, the Company announced the conditional acquisition of Essential Oils of Tasmania Pty Ltd (**EOT**), a Tasmanian-based flavour and fragrance manufacturer, for a price of \$650,000, to be paid by the issue of 10,000,000 Shares at an agreed price of \$0.065 per Share (**Acquisition**).

The Acquisition is subject to a range of conditions precedent including the Company raising at least \$1.5 million in new working capital (**Funding Condition**) and shareholder approval, which is to be sought at a general meeting of Shareholders to be held on 4 December 2012. If the conditions precedent are not satisfied or waived by 30 January 2013 (or a later date agreed between the parties), the Acquisition may be terminated.

Essential Oils of Tasmania is an established business. It has, in the Directors' opinion, built a strong technical foundation as one of regional Australia's natural ingredient extraction specialists.

EOT is primarily an export business with over 70% of its revenue coming from USA, Europe and Japan. EOT has two principal service areas:

- contract extraction and refining using steam distillation, fractionation and solvent extraction services; and
- new product development including new extractive crops and involvement with research organisations in the areas of agronomy, extraction and chemical analysis.

EOT produces and sells its own essential oils and extracts including boronia, Tasmanian mountain pepper, blackcurrant bud, fennel oil, parsley oil and peppermint oil. EOT has pioneered the production of a number of unique Australian native plant extracts and is developing a new specification for a pearl perfume extract enabling the production of jewellery and perfume products with a unique point of product differentiation. EOT has technical capabilities which the Company believes will assist in commercialising the Company's perfume extraction technology from the pearl nacre, develop high value exports from the by-products of pearl farming and broaden the range of products it has to sell through its established luxury item distribution networks.

Essential Oils of Tasmania will provide the Company with technical capacity and the human resources and infrastructure to expand its commercialisation of fire tree and pearl by-products as well as the development of new ingredients through enhanced research capabilities.

4.4 World Senses

On 26 October 2012, the Company announced a 50:50 incorporated joint venture, World Senses, with Nomad, a New York based marketing and design company (**Joint Venture**). The principal objective of the Joint Venture is commercialising the perfume extraction technology of the Company and EOT for the US marketplace with a specific focus on pearl micronised powder, pearl perfume extracts, pearl cosmetic extracts, Perl'fume™ technology and Australian indigenous perfume ingredients.

Nomad will provide marketing, branding and business development expertise to assist in the marketing and distribution of products manufactured by the Joint Venture. In the Company's view, this will improve EOT's competitive position in the market.

4.5 Proposed Funding

On 22 October 2012, the Company also announced an intention to raise up to \$5 million (**Funding**) to be used to pay down existing debt in EOT and for working capital and expansion purposes, including the expanded perfume operations and to satisfy the Funding Condition.

It is the current intention of the Board that the Funding will comprise the following:

- The Company has received a binding commitment for a placement of Shares at \$0.06 per Share to raise \$250,000 to investors who are involved in the ownership and operation of EOT.
- The placement of up to \$1.5 million in Convertible Notes. At the date of this Prospectus, the Company has received binding commitments for placements of \$850,000 worth of Convertible Notes.
- The Entitlement Offer to raise up to \$2.37 million through the issue of New Shares, with the potential to raise up to a further \$2.37 million in the future from the exercise of New Options.

The above funding structure seeks to raise more than \$5 million so as to take into account potential shortfalls in raising those amounts. However, there is no guarantee this amount will be raised and a large portion of it is conditional upon Shareholder approval.

Both the placements of Shares and Convertible Notes above (**Placements**) are conditional on completion of the Acquisition taking place. If completion of the Acquisition does not occur, the Placements will not proceed. It is also the current intention of the Board to withdraw the Entitlement Offer if completion of the Acquisition does not occur.

Any proceeds raised under the Funding will be applied by the Company towards satisfying the Funding Condition.

4.6 Business strategy

Following completion of integration of the Acquisition and commencement of the World Senses joint venture, the Company intends to continue its strategy of broadening its range of luxury goods from pearls and developing new perfume products and identifying new revenue opportunities. Perfume and jewellery luxury items are separate value propositions within the global luxury product industry. Combining the two categories allows global brands the opportunity to distribute both product categories. The Atlas Group has identified the competitive advantages to this consolidation.

The Company currently considers that this will include:

- expansion of the Company's wholesale pearl sales through global product allocations in consultation with the Japanese Pearling Association (Kobe) and strategic customers;
- development of its perfume division and technologies including the commercialisation of pearl by-products for the perfume and cosmetic

markets, the further development of pearl infusion technology and the licensing of technologies and brands;

- broadening its access to sustainable sources of indigenous Australian ingredients including expansion of existing EOT plantations in Tasmania and Western Australia and identification of new natural ingredient extracts and distillates that complement its luxury sector products;
- development of strategic relationships with luxury brands and global leading perfume manufacturers through the establishment of long term supply agreements and pricing; and
- reducing the cost of producing pearls while maintaining high quality.

The Company has conducted significant research into the active ingredients in pearls and pearl by-products with the aim of broadening the range of products derived from pearls and pearl by-products and the full commercialisation of the pearl oyster material.

The Company believes that the acquisition of EOT technical capabilities will assist in achieving the commercial extraction of pearl perfume compounds and other active ingredients. In June 2012, EOT produced the first commercially viable pearl perfume extraction for Atlas. Extracts for perfume and cosmetic use include micronised pearl powder, pearl fragrance proteins, amino acids and lipids. Some of these extracts also have properties which are suitable for the production of health products.

The Company will also seek to develop its Perl'fume™ technology, a technology currently being patented by the Company involving the infusion of ingredients and fragrances into pearls.

The creation of perfumed jewellery and pearl-based perfumes will provide the Company with significant opportunities in markets which are largely new and uncontested.

The Company's CEO, Stephen Birkbeck, has experience over many years in successfully operating businesses in the luxury products industry and has been recognised by the industry as a leader in the sustainable management of such businesses.

The Board has a balanced mix of experience and technical capabilities appropriate for the Company and a clear understanding of the risks associated with the Company's business.

Atlas will also continue to explore opportunities to acquire additional complementary businesses involved in the luxury sector in which value can be added. This will include the Company utilising the newly-acquired technical capabilities from EOT to leverage off the Company's Indonesian presence and position itself for the growing opportunities arising in Indonesia.

4.7 Corporate structure and ownership

Structure

The Company is a company limited by shares that is incorporated and

domiciled in Australia. It is the ultimate parent entity of the Atlas Group. The following companies are wholly owned subsidiaries of Atlas:

Company	Country of Incorporation
Aspirasi Satria Sdn Bhd	Malaysia
P.T. Cendana Indopearls	Indonesia
Perl'Eco Pty Ltd	Australia
Tansim Pty Ltd	Australia

Ownership

The following table sets out the substantial shareholders of the Company and their voting power in the Company at the date of this Prospectus:

Substantial Shareholder	Shareholding
Raintree Pearls and Perfumes Pty Ltd ¹	12.69%
Mr W G & Ms B M Martin ²	11.24%
Warman (Nominees) Pty Ltd	5.17%

Notes:

1. Includes Shares held by SP & K Birkbeck Holdings Pty Ltd.
2. Includes Shares held by Chemco Superannuation Fund and Jingie Investments Pty Ltd.

4.8 Effect of the Entitlement Offer on the Company

Effect on capital structure

A comparative table of changes in the capital structure of the Company as a consequence of the Entitlement Offer is set out below, assuming that the Entitlement Offer is fully subscribed and the Placements and the Acquisition proceed.

Shares

Shares on issue at date of this Prospectus	237,135,072
Issue of New Shares under the Entitlement Offer	47,427,014
Issue of Shares under the Placements	4,166,667
Issue of Shares under the Acquisition	10,000,000
Total Shares on issue after completion of the Entitlement Offer	298,728,753

Options

Options on issue at the date of this Prospectus	0
Issue of New Options under the Entitlement Offer (see section 6.4)	47,427,014
Total Options on issue after completion of the Entitlement Offer	47,427,014

Convertible Notes

Convertible Notes on issue at the date of this Prospectus	0
Issue of the maximum number of Convertible Notes under Placements (see section 4.5)	1,500,000
Total Convertible Notes on issue after completion of the Entitlement Offer	1,500,000

The above figures assume that the maximum number of 1,500,000 Convertible Notes are issued and no further Shares or Options are issued prior to the issue of New Shares and New Options under the Entitlement Offer other than under the Placements and the Acquisition. In addition, Shareholders should note that due to rounding of Entitlements under the Entitlement Offer to Shareholdings on the Record Date, among other things, the exact number of New Shares and New Options to be issued will not be known until completion of the Entitlement Offer.

Effect on the control of the Company

The Entitlement Offer is not expected to have any material effect or consequence on the control of the Company. Please refer to **section 5.3** for further information.

4.9 Financial position

This section provides relevant financial information for Shareholders to consider when assessing whether to participate in the Entitlement Offer, including details of the potential financial impact of the Entitlement Offer. The impact of the Entitlement Offer is expected to be an increase in cash of approximately \$2.30 million (after costs).

The pro forma financial information should be read in conjunction with the limitations explained in the Important Notices section of this Prospectus.

All financial information is presented in accordance with the measurement and recognition principles under AIFRS unless otherwise noted.

Pro forma Statement of Financial Position

Set out below is:

- the audited Statement of Financial Position for the Company at 31 December 2011;
- the audit reviewed Statement of Financial Position at 30 June 2012;
- a pro forma Statement of Financial Position as at 30 June 2012 reflecting the effect of the Acquisition and the Placements proceeding and 50% of New Shares and New Options offered under the Entitlement Offer being taken up (**First Pro Forma**); and
- a pro forma Statement of Financial Position as at 30 June 2012 reflecting the effect of the Entitlement Offer being fully subscribed and the Acquisition and the Placements proceeding (**Second Pro Forma**).

	31 December 2011	30 June 2012	First Pro Forma	Second Pro Forma
Cash and cash equivalents	409,871	2,719,917	4,160,646	5,346,321
Trade and other receivables	1,078,409	925,478	1,415,881	1,415,881
Derivative financial instruments	0	103,203	103,203	103,203
Inventories	6,231,292	6,764,024	8,030,798	8,030,798
Biological assets	6,771,528	4,608,827	4,608,827	4,608,827
TOTAL CURRENT ASSETS	14,491,100	15,121,449	18,319,355	19,505,030
Inventories	264,865	220,396	220,396	220,396
Biological assets	10,679,488	13,072,486	13,072,486	13,072,486
Property, plant and equipment	4,007,400	4,032,835	4,521,743	4,521,743
Deferred tax assets	1,388,527	1,579,604	1,579,604	1,579,604
TOTAL NON CURRENT ASSETS	16,340,280	18,905,320	19,394,229	19,394,229
TOTAL ASSETS	30,831,380	34,026,769	37,713,584	38,899,259
Trade and other payables	2,367,752	1,734,835	2,214,057	2,214,057
Borrowings	5,327,089	4,993,669	6,493,669	6,493,669
Derivative financial instruments	146,450	0	0	0
Current tax liabilities	74,417	129,416	98,368	98,368
Short-term provisions	23,999	11,714	54,566	54,566

TOTAL CURRENT LIABILITIES	7,939,107	6,869,631	8,860,660	8,860,660
Borrowings	393,397	291,443	291,443	291,443
Deferred tax liabilities	2,215,056	2,358,029	2,358,029	2,358,029
TOTAL NON CURRENT LIABILITIES	2,608,453	2,649,472	2,649,472	2,649,472
TOTAL NET ASSETS	20,283,820	24,507,666	26,203,452	27,389,127
Contributed equity	23,287,552	27,666,203	29,751,878	30,937,553
Reserves	(6,670,837)	(6,981,841)	(6,981,841)	(6,981,841)
Retained profits	3,667,105	3,823,304	3,433,415	3,433,415
TOTAL EQUITY	20,283,820	24,507,666	26,203,452	27,389,127

Notes of pro forma

The unaudited pro forma consolidated Statements of Financial Position set out above have been prepared on the basis that the maximum number of 1,500,000 Convertible Notes are issued and there has been and will be no material movements in assets and liabilities of the consolidated entity between 1 July 2012 and the Closing Date other than:

- the issue of New Shares and New Options through the Entitlement Officer and the proceeds raised, after deducting expenses of the Entitlement Offer of \$75,000; and
- the Acquisition and the Placements proceeding.

Expenses of Entitlement Offer

Expense	\$
Legal fees	\$50,000 ¹
Offer related fees	\$25,000
Total	\$75,000

Notes:

1. Includes costs associated with the Acquisition.

4.10 Dividend history

No dividends have been paid by the Company since the interim fully franked dividend of \$0.02 per Share declared on 7 May 2008. The Company's dividend policy has been reviewed annually by the Board since 2009. The Board is

currently proposing to review the dividend policy half yearly from 2013.

4.11 Directors

The Directors of the Company as at the date of this Prospectus are:

- Mr Stephen Paul Birkbeck (Executive Chairman and Chief Executive Officer);
- Dr Joseph James Uel Taylor (Non-Executive Director); and
- Mr Geoffrey Grosvenor Newman (Non-Executive Director).

Biographies of each Director are set out in the Directors' Report in the Company's 2011 Annual Report, lodged with ASIC and available on the Company's website at www.atlassouthseapearl.com.au. The Company will also provide, free of charge, a copy of the 2011 Annual Report to any person who asks for it during the Offer Period – see further **section 6.1**.

4.12 Entitlement Offer does not proceed

As mentioned elsewhere in this Prospectus, it is the current intention of the Board to withdraw the Entitlement Offer if completion of the Acquisition does not occur. In those circumstances, the Company will carry on with strategies that were in place prior to the Company's announcement of the Acquisition.

5 Key Risks

5.1 Overview

The Company is a pearl farming and luxury products company with pearling operations based in Indonesia and Australia. Due to the nature of the Company's business activities, increasing your investment in the Company carries with it risks reasonably expected of an investment in a business of this type.

Accordingly, whilst the Directors recommend the Entitlement Offer, New Shares and New Options offered pursuant to this Prospectus should be considered speculative. Pearl farming and the manufacture and sale of luxury products are high risk endeavours and prospective investors should read the whole of this Prospectus and consider the risk factors described within it as well as consult their stockbroker, accountant, solicitor or other professional adviser in order to fully appreciate the manner in which the Company operates before deciding whether to apply for their Entitlement.

The current and future activities of the Company may be affected by a range of factors, including, but not limited to, those discussed in this Prospectus. There is a range of specific risks associated with the Company's involvement in the pearl farming and luxury product industries. There are also numerous widespread risks associated with investing in any form of business and with investing in the share market generally. These risk factors are largely beyond the control of the Company and the Directors because of the nature of the Company's business.

By their nature, investments in pearling and luxury product businesses are subject to numerous risks. This section describes certain specific areas that are believed to be material risks associated with an investment in the Company. This section does not, and does not purport to, contain an exhaustive list of the risks associated with an investment in New Shares or New Options.

Before increasing your investment in the Company, you should consider whether this investment is suitable for you having regard to the risk factors set out below, publicly available information, your investment objectives and personal financial circumstances, and following consultation with your professional advisors.

5.2 Risks associated with an investment in the Company

The following risks have been identified as being key risks specific to an investment in the Company. These risks have the potential to have a significant adverse impact on the Company and may affect the Company's financial position, performance and prospects and the price and value of New Shares and New Options.

Climate risk

The *Pinctada maxima* oyster from which the South Sea pearl is produced is susceptible to climatic changes, which affect water temperature, salinity and

nutrient content. The Company has been affected by climate changes in the past but these have been mitigated to some extent by the geographical diversification of the business over different parts of Indonesia. Adverse weather and climate conditions are difficult to manage but every effort is made to plan activities such as oyster transport and husbandry with due consideration to climatic conditions.

Pollution and disease

Pearl oysters may be lost as a result of pollution and disease. This is managed through rigorous cleaning and health monitoring which are maintained throughout the year on oyster stocks. Protocols are in place to isolate any disease outbreaks on farms. Pollution is reduced by the remote locations of oyster farms. Historically, pollution and disease have not significantly impacted on the Company's capacity to produce oysters.

Retention of key personnel

The Company employs a management team that is highly trained to carry out the supervision of the technical issues that are required to successfully operate a pearling business. The Company's operations may be adversely impacted if one or more of these key management personnel cease employment.

The retention of key management personnel is constantly reviewed and remuneration and working conditions are set to retain the experience and skills that are developed by these individuals. A rigorous training programme is in place for newer members of the management team to allow for succession. Experienced Indonesian staff are employed in middle and key technical management positions. Pearl seeding is undertaken in-house by highly trained Indonesian staff, so there is not a reliance on contract technicians for this critical task. The results of using in-house staff versus contract technicians have shown significant improvements in pearl retention and pearl quality.

Financing

The Company's existing finance facilities are conditional on repayment obligations and covenants being satisfied by the Company as and when required. As outlined in this section, factors including weather, disease and pollution and general economic conditions can impact on the ability of the Company to generate cash flows and, consequently, its ability to generate sufficient cash flows to satisfy its obligations to financiers.

If the Company is unable to meet its ongoing obligations to financiers and is unable to secure adequate re-financing of existing facilities, it may not be able to fund its operations and, in extreme circumstances, continue as a going concern. The Company may be able to secure waivers and other relief from financiers in respect of a potential breach of its repayment obligations or covenants, however this is not guaranteed.

The availability of capital or relief from financiers to meet the Company's requirements may be affected by factors in the financial markets and the general economy which are beyond the control of the Company, such as changes to interest and exchange rates and capital market liquidity.

Commercialisation of pearl by-products and perfumes

The Company is only in the early stages of pursuing its current objectives of commercialising pearl by-products and manufacturing and selling perfumes. The current and future operations of the Company will be affected by a range of factors, some of which may impact on the ability of the Company to successfully achieve those objectives.

Despite the best efforts of the Company, there is no guarantee that the Company's commercialisation of pearl by-products or move into the perfume industry, including through the acquisition of EOT, will be successful and commercially viable and these initiatives will result in sustained cash flows for the Company.

Capital availability

The Company's ability to meet future capital requirements will depend on a number of factors. Current economic conditions can impact on the availability of debt and equity funding that may be required to support the cash flow of a business including market prices for the Company's products, exchange rates and the capital raising environment at the time. The Company's operations may be affected by availability of funding which would impact on its ability to maintain business operations at its current levels.

In addition to amounts raised pursuant to this Entitlement Offer, the Company is also pursuing other funding alternatives which are more particularly described in **section 4.5**. Depending on the outcome of the Entitlement Offer and those other funding initiatives, the Company may require further financing. No assurance may be given that the Company will be able to procure funding (if required) in a timely manner on terms acceptable to it.

If the Company is unable to obtain adequate financing as needed, it may be required to reduce the scope of its operations which could have an adverse effect on the Company's activities and, in extreme circumstances, affect the Company's ability as a going concern. In addition, as noted in **section 4.3**, if the Company is unable to raise \$1.5 million on or before 30 January 2013, the Acquisition may not proceed.

Litigation and counterparty risk

Like any corporation operating in a commercial setting, the Company is exposed to potential legal and other claims or disputes in the course of its business, including litigation from employees, regulators or other third parties. As with all litigation, there are risks involved – an adverse outcome in litigation or the cost of responding to potential or actual litigation may have a material adverse impact on the financial performance of the Company.

In addition, there is a risk of financial failure or default by a participant in any joint venture to which the Company is or may become a party, or the insolvency or managerial failure by any of the contractors or other suppliers used by the Company in any of its activities, or that any of those agreements are terminated in accordance with their terms. There is also a risk of legal or other disputes between the Company and co-venturers or contractors or other

suppliers.

The Acquisition and binding commitments received by the Company pursuant to the Funding are also subject to certain conditions which, if not satisfied, may result in their termination. Further details of those conditions are set out in **section 4**.

Insurance risks

The Company endeavours to maintain insurance within ranges of coverage in accordance with industry practice. However, in certain circumstances, the Company's insurance may not be of a nature or level to provide adequate cover. The occurrence of an event that is not covered or fully covered by insurance could have an adverse effect on the Company's operations and financial position and performance.

Liquidity risk

The Company may be affected by a deterioration in its cash flows. The Company manages liquidity risk by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

Currency risk

The Company trades in Japanese Yen as its primary currency for the negotiation of pearl sales. A large proportion of the Company's operation expenditure is denominated in Indonesian Rupiah. Therefore, movements in foreign exchange rates may affect the Company's financial performance. The Company undertakes currency hedging within a risk policy framework to mitigate these risks where possible.

Pricing and competition risk

Pearls trade as a luxury product and their price is subject to changes in supply and demand. Similarly, the level of demand for pearls is subject to macroeconomic demand levels which in turn are influenced by global economic conditions. The Company has recently experienced a drop in both demand and prices for its pearls driven largely by the volatile economic conditions globally. South Sea pearls produced by the Company compete with other pearls such as Black pearls, Akoya pearls and fresh water pearls. Pearls also compete with other gems such as diamonds and metals such as gold and platinum within the jewellery industry.

Due to the volatility currently being experienced by the global economy, the retail environment in which the Company operates has been experiencing some challenging conditions due to impacts on customer sentiment and demand. If global economic conditions worsen, there is a risk that demand for luxury items like jewellery and perfumes may be adversely impacted as customers reduce their level of consumption for such products or seek cheaper alternatives.

Broadening the luxury product categories from jewellery to jewellery, perfume, cosmetic and nutraceutical products will minimise risk through product diversity.

Geo-political and security Risk

The Company's farming assets are located in Indonesia and are subject to political risks associated with that region. Indonesia has experienced security risks from time to time and the Company has 20 years of experience in managing risks associated with Indonesia and undertakes risk management on an ongoing basis at all levels to manage this.

Share liquidity and volatility

Due to the size and nature of the Company, the liquidity of its shares traded on the ASX can be low. This could impact your ability to sell the Shares that you acquire.

The New Options are not quoted on ASX and are not transferable. Accordingly, they are not a liquid investment. Holders of New Options who wish to exercise their New Options will be required to fund the exercise price, which may be higher than the price of Shares at the time of exercise.

5.3 Risks associated with the Entitlement Offer

Dilution

The Entitlement Offer will result in the issue of up to approximately 47,427,014 New Shares and 47,427,014 New Options. If you do not participate in the Entitlement Offer or you do not take up your full Entitlement, your percentage holding in the Company (held at the Record Date) will be reduced.

Potential effect on control

The potential effect of the Entitlement Offer on the control of the Company is as follows:

- the Entitlement Offer is not expected to have any material effect or consequence on the control of the Company;
- if some Eligible Shareholders do not take up all of their Entitlement, then the proportional interest of those Eligible Shareholders in the Company will be diluted (both on the issue of New Shares and upon the issue of Shares upon any exercise of the New Options);
- if any Eligible Shareholder takes up all of its Entitlement and Additional New Shares and New Options to participate in the Shortfall, then the proportional interest in the Company of that Shareholder who participated in the Shortfall will be increased (both on the issue of New Shares and upon the issue of Shares upon any exercise of the New Options); and
- the proportional interest of Ineligible Shareholders in the Company will be diluted because Ineligible Shareholders are not entitled to participate in the Entitlement Offer.

The Company's Executive Chairman and CEO, Mr Stephen Birkbeck, has a substantial holding in the Company representing 12.69% of the Company's issued Shares at the date of this Prospectus. Mr Birkbeck has indicated that it is his present intention to take up all of the Entitlement under the Entitlement

Offer in respect of those Shares. Should he ultimately elect to take up all of that Entitlement, in circumstances where no other Shareholder takes up any of their respective Entitlements and no New Shares or New Options are placed under any Shortfall:

- then it would increase his holding to approximately 14.85% of all issued Shares; and
- if he exercised all the New Options received pursuant to that Entitlement, his holding would increase to approximately 16.91% of all issued Shares.

The above percentages assume that the Acquisition and Share Placement proceed and no other Shares are issued.

As noted above, Mr W G & Ms B M Martin, have a substantial holding in the Company representing 11.24% of the Company's issued Shares at the date of this Prospectus. Should they ultimately elect to take up all of their Entitlement, in circumstances where no other Shareholder takes up any of their respective Entitlements and no New Shares or New Options are placed under any Shortfall:

- then it would increase their substantial holding to approximately 13.19% of all issued Shares; and
- if they were to exercise all of their New Options their substantial holding would increase to approximately 15.05% of all issued Shares.

The above percentages assume that the Acquisition and Share Placement proceed and no other Shares are issued.

Completion of Entitlement Offer

As noted in this Prospectus, the Directors may not place some or all of any Shortfall under this Entitlement Offer. Accordingly, the Company may not raise all of the funds proposed to be raised under the Entitlement Offer. If the Company is unable to raise approximately \$2.37 million, it will have to reconsider its funding options. Alternative means of raising equity may result in dilution to existing Shareholders.

5.4 General Risks

The business activities of the Company are subject to various general economic and investment risks that may impact on the future performance of the Company. Some of these risks can be mitigated by the use of safeguards and appropriate systems and controls, but some are outside the control of the Company and cannot be mitigated. There are a number of general economic and investment risk factors that apply to companies generally and may include economic, financial, market or regulatory conditions. These risk factors include, but are not limited to, those summarised in the section below.

Economic conditions

The performance of the Company may be significantly affected by changes in both domestic and world economic conditions. Relevant factors include

interest, inflation and exchange rates, changes in fiscal, monetary and regulatory policies and sovereign or political risk in each of the regions in which the Company operates.

Share market conditions

As the Company is a listed company, the price at which its securities trade will be subject to the numerous influences that may affect both the broad trend in the share market and the share prices of individual companies and sectors. Investors should recognise that the price of New Shares may fall as well as rise.

Geo-political factors

The Company may be affected by the impact that geo-political factors have on the world or Australian economy or on financial markets and investments generally or specifically. This may include terrorist type activities and governmental responses to such activities.

Government policies and legislation

The Company and its operations may be affected by changes to government policies and legislation, including those relating to the defence and domestic security sectors, the environment, taxation and the regulation of trade practices and competition.

6 Additional Information

6.1 Continuous disclosure

The Company is a 'disclosing entity' under the Corporations Act and is subject to regular reporting and disclosure obligations under the Corporations Act and the ASX Listing Rules. Broadly, these obligations require:

- the preparation of yearly and half-yearly financial statements and a report on the Company's operations during the relevant accounting period together with an audit or review report on those operations by the Company's auditor; and
- the Company to notify ASX immediately of any information (subject to certain exceptions) of which it is or becomes aware which a reasonable person would expect to have a material effect on the price or value of its securities. That information is available to the public from ASX.

Copies of documents lodged with ASIC in relation to the Company may be obtained from, or inspected at, an ASIC office.

The Company will provide, free of charge, a copy of each of the following documents to any person who asks for it during the Offer Period:

- the Company's annual report for the period ending 31 December 2011 (being the Company's most recent annual report lodged with ASIC before the date of this Prospectus);
- the Company's half-year results for the period ending 30 June 2012; and
- any continuous disclosure documents released to ASX by the Company after lodgement of the Company's annual report for the period ending 31 December 2011 and before the lodgement of this Prospectus with ASIC. A list of those documents is set out below:

Document	Date
Change of Director's Interest Notice – S Birkbeck	2 April 2012
Change of Director's Interest Notice – G Newman	2 April 2012
Appendix 3B – Shortfall Placement	2 April 2012
Change in substantial holding – G Martin	4 April 2012
Appendix 3B – Shortfall Placement	4 April 2012

Document	Date
Change in substantial holding – S Birkbeck	5 April 2012
Company Secretary Appointment/Resignation	24 April 2012
Annual Report to Shareholders – Printed version	30 April 2012
Notice of Annual General Meeting/Proxy Form	30 April 2012
Response to ASX Appendix 3Y Query	16 May 2012
Chairman's/CEO Address to Shareholders	30 May 2012
Results of Meeting	30 May 2012
Appendix 3B – Share Placement	8 June 2012
Change of Director's Interest Notice – S Birkbeck	8 June 2012
Cleansing Statement	8 June 2012
Change in substantial holding – S Birkbeck	8 June 2012
Appendix 3B	27 June 2012
Change of Director's Interest Notice G Newman	29 June 2012
Change of Director's Interest Notice J Taylor	29 June 2012
Half Yearly Reports and Accounts	31 August 2012
Half Year Accounts Summary	31 August 2012
Appendix 3B	4 September 2012
Proposed Acquisition of Essential Oils of Tasmania	22 October 2012
Funding Update	25 October 2012

Document	Date
Nomad Two Worlds Joint Venture	26 October 2012
Notice of Extraordinary General Meeting/Proxy Form	2 November 2012
Non-renounceable Entitlement Offer	2 November 2012
Appendix 3B	2 November 2012
Atlas Launch Their First Perfume	6 November 2012

All requests for copies of the above documents should be addressed to:

Company Secretary
Atlas South Sea Pearl Limited
PO Box 1048
Claremont WA 6910

The above documents may also be obtained from the Company's website (www.atlassouthseapearl.com.au) and ASX's website (www.asx.com.au). The Company's ASX code is 'ATP'.

6.2 Market price of Shares on ASX

The highest and lowest sale price of Shares on ASX during the 3 months immediately preceding the date of this Prospectus, and the last sale price on the Trading Day before this Prospectus was lodged with ASIC, are set out below.

3-month high (on 30 August 2012)	3-month low (on 28 September 2012)	Last sale price before date of lodgement of Prospectus (on 15 November 2012)
6.2 cents	4.5 cents	4.7 cents

6.3 Rights and liabilities attaching to New Shares

New Shares will be fully paid ordinary shares in the Company and will rank equally with the Shares already on issue.

The following is a broad summary (though not necessarily an exhaustive or definitive statement) of the rights and liabilities attaching to Shares. Full details of the rights and liabilities attaching to the Shares are contained in the Constitution and, in certain circumstances, are regulated by the Corporations

Act, the ASX Listing Rules, the ASX Settlement Operating Rules and the common law. The Constitution is available for inspection free of charge at the Company's registered office during normal business hours.

Issue of Shares

The power to issue Shares and other securities in the capital of the Company lies with the Board subject to the restrictions contained otherwise in the Constitution, the Listing Rules and the Corporations Act.

Voting

Every Shareholder present in person or by proxy, attorney or representative at a meeting of Shareholders has one vote on a vote taken by a show of hands, and on a poll, every Shareholder who is present has one vote for every fully paid Share held. A poll may be demanded at a meeting in the manner permitted by the Corporations Act.

Dividends

Subject to the Constitution, dividends are payable upon the determination of the Directors, who may fix the amount, time for payment and method of payment of dividends.

Transfer of Shares

Subject to the Corporations Act, the Listing Rules and the ASX Settlement Operating Rules, a Shareholder may transfer Shares by a market transfer or an instrument in writing in a form sufficient under the Corporations Act or approved by the Directors or ASX. Except as otherwise provided for in the Listing Rules or the ASX Settlement Operating Rules, the Directors may in certain circumstances refuse to register a transfer of Shares.

Meetings and notice

Subject to the Constitution, each Shareholder is entitled to receive notice of, and to attend, general meetings of the Company and to receive all notices, accounts and other documents required to be sent to Shareholders under the Constitution, the Corporations Act and the Listing Rules. A Director may call a meeting of Shareholders and Shareholders may also requisition or convene general meetings in accordance with the procedures for Shareholder-initiated meetings set out in the Corporations Act. Shareholders must be given at least 28 days written notice of any general meeting.

Rights on winding up

In the event the Company is wound up a liquidator may with the sanction of a special resolution decide how the assets of the Company will be divided as between Shareholders and members of different classes of shares.

Variation of rights

The rights attached to Shares may be varied or cancelled by an ordinary resolution passed at a general meeting of the Shareholders or with the written consent of a majority of the Shareholders.

Unmarketable parcels

If a Shareholder holds a number of Shares that is less than a marketable parcel (as defined in the Listing Rules), the Company has the power to sell or dispose of such Shares unless otherwise instructed by the Shareholder. The net proceeds from the sale will be dealt with as instructed by the Shareholder.

6.4 Rights and liabilities attaching to New Options

The terms and conditions of the New Options are as follows:

- Each New Option entitles the holder to subscribe for one Share upon exercise of the Option and payment of the Exercise Price (defined below).
- Each New Option is exercisable at \$0.05 (**Exercise Price**) for the 12 month period following the date of grant.
- The Exercise Price is payable in full on exercise of each New Option.
- The New Options automatically expire on the date 12 months after the date they are granted (**Expiry Date**).
- The New Options will not be quoted on ASX.
- The Company must give the holder of each New Option a certificate or holding statement stating:
 - the number of New Options issued to each holder;
 - the Exercise Price of the New Options; and
 - the date of issue of the New Options.
- Holders may exercise the New Options at any time up to the Expiry Date. Any New Option not exercised, automatically expires on the Expiry Date.
- New Options may only be exercised during the hours of 8.30am to 5.00pm (AWST) (**Business Hours**) by the delivery to the registered office of the Company or the Share Registry of a notice in writing stating the intention of the holder to:
 - exercise all or a specified number of the New Options; and
 - pay the Exercise Price in full for the exercise of each such New Option.
- A notice in writing received outside of Business Hours will be deemed received at the next opening of Business Hours.
- The exercise notice must be accompanied by the certificate or holding statement for the options being exercised and a cheque made payable to the Company for the Exercise Price for the New Options being exercised.
- The New Options will be deemed to have been exercised on the date the exercise notice is received or deemed to be received by the Company or the Share Registry.

- The Company will allot the Shares to which a holder is entitled following exercise of New Options and deliver a holding statement with respect to such Shares within the timeframe required by the Listing Rules.
- The exercise of only some New Options will not affect the rights of the holder to the balance of the New Options held by them.
- If the holder of the New Options exercises less than the total number of New Options registered in the holder's name:
 - the holder of the New Options must surrender its option certificate, if one has been issued by the Company; and
 - the Company must cancel the certificate and issue the holder of the New Options a new certificate or holding statement stating the remaining number of New Options held by the holder and stating the information set out above.
- New Options will not confer an entitlement to receive dividends declared and paid by the Company, nor an entitlement to vote at general meetings of the Company unless the holder of the New Options has exercised the New Options before the record date for determining these entitlements and participates as a result of holding Shares.
- All Shares issued on exercise of an New Option will:
 - rank equally in all respects (including, without limitation, rights relating to dividends) with other issued Shares;
 - be issued credited as fully paid;
 - be duly authorised and issued by all necessary corporate action; and
 - be allotted and issued free from all liens, charges and encumbrances whether known about or not, including statutory and other pre-emption rights and any transfer restrictions.
- The Company will apply to ASX for official quotation of the Shares issued upon exercise of New Options within the time period required by the Listing Rules.
- The New Options are not transferable.
- A holder of New Options does not have the right to participate in bonus issues or new issues of securities offered to Shareholders until Shares are allotted to the holder pursuant to the exercise of the New Options.
- In the event of a reorganisation (including, without limitation, consolidation, sub-division, reduction or return) of the capital of the Company, the rights of the holders of New Options (including, without limitation, the number of New Options to which the Optionholder is

entitled to and the Exercise Price) will be changed (as appropriate) in accordance with the Listing Rules applying to a reorganisation of capital at the time of the reorganisation.

- If the Company makes a pro-rata issue (other than a bonus issue) to existing Shareholders and no Share has been issued in respect of the New Option before the record date for determining entitlements to the issue, the Exercise Price of each New Option will be reduced in the manner permitted by the Listing Rules applying at the time of the pro-rata issue.
- If the Company makes a bonus issue to existing Shareholders and no Share has been issued in respect of that Option before the record date for determining entitlements to the issue, then the number of Shares over which that New Option is exercisable will be increased in the manner permitted by the Listing Rules applying at the time of the bonus issue.
- The Company is entitled to treat the registered holder of a New Option as the absolute holder of that New Option and is not bound to recognise any equitable or other claim to, or interest in, that New Option on the part of any person other than the registered holder, except as ordered by a court of competent jurisdiction or as required by statute.

6.5 Privacy

By filling out the Entitlement and Acceptance Form to apply for New Shares or paying your Application Monies by BPAY®, you are providing personal information to the Company.

The *Privacy Act 1988* (Cth) regulates the way the Company collects, uses, disposes, keeps secure and gives people access to their personal information.

The Company is committed to respecting the privacy of your personal information.

The Company collects, holds and uses that personal information in order to process your Application and to administer your Shareholding in the Company, including:

- the Company maintaining a register of Shareholders in accordance with the Corporations Act;
- the Company paying dividends to you;
- the Company communicating with you, such as sending you annual reports, notices of meetings and any other document which the Company wishes to send to you as a Shareholder;
- the Company carrying out general administration including monitoring, auditing, evaluating, modelling data, dealing with complaints and answering queries; and
- the Company complying with its legal and regulatory obligations.

If you do not provide the information requested in the Entitlement and Acceptance Form, the Company may not be able to process or accept your application for New Shares.

Your personal information may also be provided to other members of the Atlas Group on the basis that they deal with such information in accordance with the Company's privacy policy.

Your personal information may be provided to the Company's agents or service providers on the basis that they deal with such information in accordance with the Company's privacy policy.

The types of agents and service providers that may be provided with your personal information and the circumstances in which your personal information may be disclosed are:

- the Share Registry for ongoing administration of the share register (the Share Registry is contracted by the Company to maintain the register);
- printers and mail houses for the purposes of preparation and distribution of documents to you and for handling mail;
- professional service providers such as lawyers, accountants, auditors, consultants, and other professional advisers for the purpose of administering, and advising on, the New Shares and for any associated actions; and
- other companies where the Company believes it is more efficient to outsource services or functions to those companies.

Your personal information may be provided to certain third parties. The types of third parties that may be provided with your personal information, and the circumstances in which your personal information may be disclosed, are:

- your financial adviser or broker (other than your tax file number information) in connection with services provided to you by your adviser or broker;
- government, regulatory authorities or other people when permitted or required by law, such as ASIC or people inspecting the share register in accordance with the Corporations Act;
- ASX; and
- in certain circumstances and with safeguards to respect your privacy, potential or actual purchasers of an interest in the Company or the Company's business or any part thereof.

You have the right to gain access to your personal information held by, or on behalf of, the Company, subject to certain exemptions under the law. A reasonable charge for providing access to personal information may be charged for providing access to personal information. You can request access to your personal information by telephoning or writing to the Company Secretary as follows:

Company Secretary
Atlas South Sea Pearl Limited
PO Box 1048
Claremont WA 6910
Telephone: +61 8 9284 4249

6.6 Consents

Each of the parties referred to as consenting parties who are named below:

- does not make the Entitlement Offer;
- has not authorised, and has not caused, the issue of this Prospectus;
- has not made any statement in this Prospectus or any statement on which a statement made in this Prospectus is based, other than in the case of Stephen Birkbeck and Geoffrey Newman who have consented to the inclusion of statements in this Prospectus noted to have been made by them or to be based on statements made by them;
- to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any statements in or omissions from this Prospectus; and
- has given and has not, before the lodgement of this Prospectus with ASIC, withdrawn its written consent to be named in this Prospectus in the form and context in which it is named.

Role	Consenting parties
Share Registry	Computershare Investor Services Pty Limited
Eligible Shareholder	Stephen Birkbeck
Eligible Shareholder	Geoffrey Newman

6.7 Directors', experts' and advisers' interests

Other than as set out below or elsewhere in this Prospectus no:

- Director or proposed Director of the Company;
- person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus; or
- promoter of the Company,

(together, the **Interested Persons**) holds at the date of this Prospectus or held at any time during the last two years, any interest in:

- the formation or promotion of the Company;
- property acquired or proposed to be acquired by the Company in connection with its formation or promotion, or the offer of New Shares and New Options under the Entitlement Offer; or
- the offer of New Shares and New Options.

Directors' Relevant Interests in securities

As at the date of this Prospectus, the Directors had the following Relevant Interests in Shares:

Director	Direct Interest	Indirect Interest
Dr Joseph James Uel Taylor	200,000	1,200,000 ¹
Mr Stephen Paul Birkbeck	-	30,090,855 ²
Mr Geoffrey Grosvenor Newman	-	1,283,295 ³

Notes:

1. Held through Sharcon Pty Ltd.
2. Held through SP & K Birkbeck Holdings Pty Ltd and Raintree Pearls and Perfumes Pty Ltd.
3. Held through Geryl Super Fund.

Remuneration

Directors are entitled to be remunerated by salary or other employment related benefits in accordance with their employment agreements. The table below sets out the remuneration paid to the Directors for the two financial years prior to the date of this Prospectus and for the current financial year until the date of this Prospectus:

Director	Remuneration paid in 31 December 2010 financial year	Remuneration paid in 31 December 2011 financial year	Remuneration paid in 31 December 2012 financial year to date of Prospectus
Dr Joseph James Uel Taylor	\$167,885	\$95,500	\$76,856
Mr Stephen Paul Birkbeck	\$105,200	\$176,950	\$170,628
Mr Geoffrey Grosvenor Newman	\$10,125	\$49,500	\$40,500

6.8 Australian taxation implications

Taxation implications will vary depending on the specific circumstances of individual Shareholders. Further, tax rules or their interpretation in relation to equity investments may change following the completion of the Entitlement Offer or Shortfall. You should obtain your own professional advice before concluding on the particular taxation implications that will apply to you if you participate in the Entitlement Offer or Shortfall.

6.9 Consents to lodgement

Each Director has given, and has not withdrawn, their consent to the issue of this Prospectus and to its lodgement with ASIC under the Corporations Act.

6.10 Governing law

This Prospectus and the contracts that arise from acceptance of the Applications are governed by the laws applicable in Western Australia and each Applicant submits to the non-exclusive jurisdiction of the courts of Western Australia.

7 Glossary

Term	Meaning
\$	Australian dollars.
Acquisition	The meaning given in section 4.3 .
Additional New Shares and New Options	The additional New Shares and New Options offered to Eligible Shareholders under this Prospectus above their Entitlement as set out in section 2.3 and Additional New Shares are the relevant additional New Shares.
AIFRS	Australian equivalents to International Financial Reporting Standards.
Applicant	An Eligible Shareholder who submits an Application together with Application Monies.
Application	An application for New Shares and New Options under the Entitlement Offer made by an Applicant in an Entitlement and Acceptance Form or by payment via BPAY® or such other form as approved by the Company.
Application Monies	Monies received from persons applying for New Shares under the terms of the Entitlement Offer.
Atlas Group	The Company and its Related Bodies Corporate.
ASIC	The Australian Securities and Investments Commission.
ASX	ASX Limited, or the market operated by it, as the context requires.
ASX Listing Rules	The official listing rules of ASX.
ASX Settlement	ASX Settlement Pty Limited ABN 49 008 504 532.
ASX Settlement Operating Rules	The settlement and operating rules of ASX Settlement.
AWST	Australian Western Standard Time.
Board	The board of Directors of the Company.
CHESS	The Clearing House Electronic Subregister System operated by ASX Settlement.
Closing Date	5.00pm (AWST) on 18 January 2013 (or such date as varied by the Company). Note that Applications made via BPAY® must be received

Term	Meaning
	by the Share Registry by 2.00pm (AWST) on 18 January 2013. See section 3.4 for further details.
Company or Atlas	Atlas South Sea Pearl Limited ABN 32 009 220 053 and where the context requires, includes its wholly owned subsidiaries.
Constitution	The constitution of the Company as at the date of this Prospectus.
Convertible Note	A Convertible Note issued by the Company, the terms of which are described in more detail in the Company's Notice of Meeting dated and announced to ASX on 2 November 2012.
Corporations Act	The <i>Corporations Act 2001</i> (Cth).
Director	A director of the Company.
Eligible Shareholder	The meaning given in section 2.7 .
Entitlement	The number of New Shares and New Options for which an Eligible Shareholder is entitled to subscribe under the Entitlement Offer, in each case being 1 New Share for every 5 Existing Shares held by the Eligible Shareholder on the Record Date together with 1 free attaching New Option for every New Share issued under the Entitlement Offer. Your Entitlement is set out in the Entitlement and Acceptance Form accompanying this Prospectus.
Entitlement and Acceptance Form	A personalised acceptance form in the form accompanying this Prospectus pursuant to which Applicants may apply for New Shares and New Options.
Entitlement Offer	The offer of New Shares and New Options pursuant to this Prospectus and Offer means the Entitlement Offer.
Entitlement Offer Proceeds	The proceeds received by the Company as a result of the issue of New Shares the subject of the Entitlement Offer.
EOT or Essential Oils of Tasmania	Essential Oils of Tasmania Pty Ltd ABN 25 124 346 649.
Exercise Price	The meaning given in section 6.4 .
Expiry Date	The meaning given in section 6.4 .
Existing Shares	Shares issued before the Record Date.
Funding	The meaning given in section 4.5 .

Term	Meaning
Ineligible Shareholders	Shareholders who are registered as holders of Existing Shares but to whom the Entitlement Offer is not being made as set out in sections 2.7 and 2.8.
Interested Persons	The meaning given in section 6.7.
New Option	An Option offered on the basis of, and under the terms of, the Entitlement Offer, the rights and liabilities of which are summarised in section 6.4.
New Share	A Share offered for subscription on the basis of, and under the terms of, the Entitlement Offer, the rights and liabilities of which are summarised in section 6.3.
Nomad	Nomad Two Worlds Global Trading Pte Ltd.
Offer Period	The period from the Opening Date to the Closing Date (inclusive of those dates).
Offer Price	\$0.05, the price payable for one New Share under the Entitlement Offer.
Opening Date	30 November 2012.
Option	An unlisted option to acquire a Share.
Placements	The meaning given in section 4.5.
Prospectus	This document, dated 16 November 2012.
Record Date	The time for determining the Entitlement of Shareholders under the Entitlement Offer, being 4.00pm (AWST time) on 27 November 2012.
Related Body Corporate	The same meaning as in section 50 of the Corporations Act.
Relevant Interest	The same meaning as in section 9 of the Corporations Act.
Share	A fully paid ordinary share in the capital of the Company.
Share Placement	The placement of 4,166,667 Shares at \$0.06 per Share to raise \$250,000 to investors who are involved in the ownership and operation of EOT announced to ASX on 25 October 2012.
Share Registry	Computershare Investor Services Pty Limited ABN 48 078 279 277.

Term	Meaning
Shareholder	The registered holder of a Share.
Shareholding	The Shares held by a Shareholder of the Company
Shortfall	Those New Shares and New Options not validly applied for by Shareholders under their Entitlement together with any New Shares and New Options that would have been offered to Ineligible Shareholders under the Entitlement Offer if they had been entitled to participate in the Entitlement Offer, which, subject to the Board's discretion regarding any applications received for Additional New Shares and New Options, will be placed to persons selected by them.
Trading Day	The meaning given in the ASX Listing Rules.
US Securities Act	The United States Securities Act of 1933, as amended.
World Senses	World Senses Pty Ltd ABN 12 160 613 472.

Authorisation

This Prospectus is authorised by each Director of the Company under section 720 of the Corporations Act and signed by Stephen Paul Birkbeck on 16 November 2012 under section 351 of the Corporations Act.

Signed for and on behalf of

Atlas South Sea Pearl Limited

by

A handwritten signature in black ink, appearing to be 'S. Birkbeck', is written over a horizontal line. The signature is stylized and somewhat cursive.

Mr Stephen Paul Birkbeck

Director

Corporate Directory

Board of Directors

Mr Stephen Paul Birkbeck (Executive Chairman,
Chief Executive Officer)

Dr Joseph James Uel Taylor (Non-Executive
Director)

Mr Geoffrey Grosvenor Newman (Non Executive
Director)

Company Secretary

Mr Stephen Gleeson

Share Registry

Computershare Investor Services Pty Limited
Level 2, 45 St Georges Terrace
Perth WA 6000

Registered Office

Shop 1, 47 – 49 Bay View Terrace
Claremont WA 6010
