

# Appendix 3B

## New issue announcement, application for quotation of additional securities and agreement

*Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.*

Introduced 01/07/96 Origin: Appendix 5 Amended 01/07/98, 01/09/99, 01/07/00, 30/09/01, 11/03/02, 01/01/03, 24/10/05, 01/08/12

Name of entity

Atlas South Sea Pearl Limited

ABN

32 009 220 053

We (the entity) give ASX the following information.

### Part 1 - All issues

*You must complete the relevant sections (attach sheets if there is not enough space).*

1 +Class of +securities issued or to be issued

1. Ordinary shares to be issued.
2. Unlisted options to be granted with an exercise price of 5 cents and an expiry date of the first anniversary of the allotment of the above shares and the options.
3. Ordinary shares to be issued.
4. Ordinary shares to be issued.
5. Convertible notes to be issued.

2 Number of securities issued or to be issued (if known) or maximum number which may be issued

1. Up to 47,427,014 ordinary shares (**Offer Shares**) to be issued pursuant to a 1 for 5 non-renounceable entitlement offer (**Offer**).
2. Up to 47,427,014 free attaching unlisted options on a 1 for 1 basis (meaning 1 free attaching unlisted option is received for every 1 Offer Share applied for under the Offer) with an exercise price of 5 cents and an expiry date of the first anniversary of the allotment of the Offer Shares and the options(**Offer Options**).

These numbers for Offer Shares and Offer Options are subject to a reconciliation of entitlements and rounding.

3. 10,000,000 ordinary shares (**Consideration Shares**) to be issued pursuant to a conditional agreement to acquire all the shares in Essential Oils of Tasmania Pty Ltd as announced by the Company on 22 October 2012 (**Acquisition**).
3. 4,166,667 ordinary shares to be issued pursuant to a conditional agreement to place shares to investors involved in the ownership and operation of Essential Oils of Tasmania Pty Ltd as announced by the Company on 25 October 2012 (**Placement Shares**).
4. Up to 1,500,000 convertible notes to be issued to investors identified by the Company as announced by the Company on 25 October 2012 and in the Company's Notice of Meeting announced on 2 November 2012 (**Convertible Notes**).

3 Principal terms of the +securities (eg, if options, exercise price and expiry date; if partly paid +securities, the amount outstanding and due dates for payment; if +convertible securities, the conversion price and dates for conversion)

1. Offer Shares - Fully paid ordinary shares.
2. Offer Options - Unlisted options with an exercise price of 5 cents and an expiry date of the first anniversary of the allotment of the Offer Shares and Offer Options. The Offer Options are exercisable at any time up to their expiry date and each option entitles the holder to be issued one fully paid ordinary share upon payment of the exercise price.
3. Consideration Shares - Fully paid ordinary shares.
4. Placement Shares - Fully paid ordinary shares.
5. Convertible Notes – unlisted convertible notes with the following principal terms:
  - (i) Face value - \$1.00 per convertible note.
  - (ii) Maturity date – 2 years after date of issue.
  - (iii) Convertible at the election of the holder during prescribed 10 business day “windows” prior to the first and second anniversary of the date of issue.
  - (iv) Conversion price – the lower of \$0.05 and 90% of the average of the daily volume-weighted average sales price of the Company’s shares sold on ASX for each trading day on which shares are sold on ASX during the 10 trading days prior to the conversion date.
  - (v) Interest – 6% per annum payable half yearly in arrears.
  - (vi) Redemption – at the election of the Company at any time before the maturity date, otherwise on the maturity date.

It is the current intention of the Company’s board of directors to withdraw the Offer if completion of the Acquisition does not occur. The issue of the Placement Shares and the Convertible Notes are also conditional on completion of the Acquisition occurring.

<p>4 Do the +securities rank equally in all respects from the date of allotment with an existing +class of quoted +securities?</p> <p>If the additional securities do not rank equally, please state:</p> <ul style="list-style-type: none"> <li>• the date from which they do</li> <li>• the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment</li> <li>• the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment</li> </ul>	<ol style="list-style-type: none"> <li>1. Offer Shares – Yes, with fully paid ordinary shares.</li> <li>2. Offer Options – No, but the shares issued on exercise of the options will rank equally with fully paid ordinary shares from the date of allotment.</li> <li>3. Consideration Shares - Yes, with fully paid ordinary shares.</li> <li>4. Placement Shares - Yes, with fully paid ordinary shares.</li> <li>5. Convertible Notes - No, but the shares issued on exercise of the options will rank equally with fully paid ordinary shares from the date of allotment.</li> </ol>
<p>5 Issue price or consideration</p>	<ol style="list-style-type: none"> <li>1. Offer Shares – 5 cents.</li> <li>2. Offer Options – Nil, free attaching options attaching to Offer Shares issued under the Offer.</li> <li>3. Consideration Shares – The Consideration Shares are being issued as consideration for the acquisition of all of the shares in Essential Oils of Tasmania Pty Ltd as announced by the Company on 22 October 2012.</li> <li>4. Placement Shares - 6 cents.</li> <li>5. Convertible Notes - \$1.00.</li> </ol>

<p>6 Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)</p>	<ol style="list-style-type: none"> <li>1. The funds for all issues (other than the Consideration Shares) will be used to: <ol style="list-style-type: none"> <li>(a) support existing current assets;</li> <li>(b) reduce existing debt in the Essential Oils of Tasmania business being acquired by the Company;</li> <li>(c) fund research and development initiatives;</li> <li>(d) fund increased production of strategic pearl by-product and perfume ingredients and commercialisation of new consumer products through World Senses Pty Ltd;</li> <li>(e) fund expansion of the existing pearl auction strategy; and</li> <li>(f) strengthen the balance sheet for general working capital purposes.</li> </ol> </li> <li>2. Free attaching options attaching to Offer Shares issued under the Offer.</li> <li>3. Issued as consideration for the acquisition of all of the shares in Essential Oils of Tasmania Pty Ltd as announced by the Company on 22 October 2012.</li> </ol>
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<p>6a Is the entity an +eligible entity that has obtained security holder approval under rule 7.1A?</p> <p>If Yes, complete sections 6b – 6h in relation to the +securities the subject of this Appendix 3B, and comply with section 6i</p>	<p>No</p>
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<p>6b The date the security holder resolution under rule 7.1A was passed</p>	<p>N/A</p>
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<p>6c Number of +securities issued without security holder approval under rule 7.1</p>	<p>N/A</p>
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<p>6d Number of +securities issued with security holder approval under rule 7.1A</p>	<p>N/A</p>
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<p>6e Number of +securities issued with security holder approval under rule 7.3, or another specific security holder approval (specify date of meeting)</p>	<p>N/A</p>
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6f Number of securities issued under an exception in rule 7.2 

N/A
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6g If securities issued under rule 7.1A, was issue price at least 75% of 15 day VWAP as calculated under rule 7.1A.3? Include the issue date and both values. Include the source of the VWAP calculation. 

N/A
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6h If securities were issued under rule 7.1A for non-cash consideration, state date on which valuation of consideration was released to ASX Market Announcements 

N/A
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6i Calculate the entity's remaining issue capacity under rule 7.1 and rule 7.1A – complete Annexure 1 and release to ASX Market Announcements 

N/A
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7 Dates of entering +securities into uncertificated holdings or despatch of certificates 

1 and 2 - 25 January 2013. 3, 4 and 5 – To be determined and announced. It is currently expected to occur on 18 December 2012.
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8	Number and +class of all +securities quoted on ASX (including the securities in section 2 if applicable)	Number	+Class
		Up to 298,728,753 (which includes the Offer Shares, Consideration Shares and the Placement Shares)	Ordinary shares

Number	+Class
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18 Names of countries in which the entity has <sup>+</sup>security holders who will not be sent new issue documents

Note: Security holders must be told how their entitlements are to be dealt with.

Cross reference: rule 7.7.

Shareholders whose registered address is not in Australia, New Zealand or Hong Kong (as further set out in sections 2.7 and 2.8 of the Prospectus lodged today by the Company on ASX).

19 Closing date for receipt of acceptances or renunciations

5.00pm (AWST) on 18 January 2013

20	Names of any underwriters	N/A. The entitlement offer will not be underwritten. However, the Directors will retain the discretion to place any shares and options not taken up by eligible shareholders under the Offer.
21	Amount of any underwriting fee or commission	N/A
22	Names of any brokers to the issue	N/A
23	Fee or commission payable to the broker to the issue	N/A
24	Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of +security holders	N/A
25	If the issue is contingent on +security holders' approval, the date of the meeting	N/A
26	Date entitlement and acceptance form and prospectus or Product Disclosure Statement will be sent to persons entitled	30 November 2012
27	If the entity has issued options, and the terms entitle option holders to participate on exercise, the date on which notices will be sent to option holders	N/A
28	Date rights trading will begin (if applicable)	N/A
29	Date rights trading will end (if applicable)	N/A
30	How do +security holders sell their entitlements <i>in full</i> through a broker?	N/A
31	How do +security holders sell <i>part</i> of their entitlements through a broker and accept for	N/A

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+ See chapter 19 for defined terms.

the balance?

32 How do +security holders dispose of their entitlements (except by sale through a broker)?

33 +Despatch date

### Part 3 - Quotation of securities

*You need only complete this section if you are applying for quotation of securities*

34 Type of securities  
(tick one)

(a)  Securities described in Part 1 [**Offer shares only**]

(b)  All other securities

Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid, employee incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities

#### Entities that have ticked box 34(a)

#### Additional securities forming a new class of securities

*Tick to indicate you are providing the information or documents*

35  If the +securities are +equity securities, the names of the 20 largest holders of the additional +securities, and the number and percentage of additional +securities held by those holders

36  If the +securities are +equity securities, a distribution schedule of the additional +securities setting out the number of holders in the categories  
1 - 1,000  
1,001 - 5,000  
5,001 - 10,000  
10,001 - 100,000  
100,001 and over

37  A copy of any trust deed for the additional +securities

## Entities that have ticked box 34(b)

38	Number of securities for which +quotation is sought	N/A							
39	Class of +securities for which quotation is sought	N/A							
40	<p>Do the +securities rank equally in all respects from the date of allotment with an existing +class of quoted +securities?</p> <p>If the additional securities do not rank equally, please state:</p> <ul style="list-style-type: none"> <li>• the date from which they do</li> <li>• the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment</li> <li>• the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment</li> </ul>	N/A							
41	<p>Reason for request for quotation now</p> <p>Example: In the case of restricted securities, end of restriction period</p> <p>(if issued upon conversion of another security, clearly identify that other security)</p>	N/A							
42	<p>Number and +class of all +securities quoted on ASX (including the securities in clause 38)</p>	<table border="1"> <thead> <tr> <th data-bbox="799 1552 1090 1583">Number</th> <th data-bbox="1094 1552 1386 1583">+Class</th> </tr> </thead> <tbody> <tr> <td data-bbox="799 1583 1090 1805">N/A</td> <td data-bbox="1094 1583 1386 1805">N/A</td> </tr> </tbody> </table>	Number	+Class	N/A	N/A	<table border="1"> <thead> <tr> <th data-bbox="1102 1552 1386 1583">+Class</th> </tr> </thead> <tbody> <tr> <td data-bbox="1102 1583 1386 1805">N/A</td> </tr> </tbody> </table>	+Class	N/A
Number	+Class								
N/A	N/A								
+Class									
N/A									

## Quotation agreement

- 1 +Quotation of our additional +securities is in ASX's absolute discretion. ASX may quote the +securities on any conditions it decides.
- 2 We warrant the following to ASX.
  - The issue of the +securities to be quoted complies with the law and is not for an illegal purpose.
  - There is no reason why those +securities should not be granted +quotation.
  - An offer of the +securities for sale within 12 months after their issue will not require disclosure under section 707(3) or section 1012C(6) of the Corporations Act.

Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty
  - Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any +securities to be quoted and that no-one has any right to return any +securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request that the +securities be quoted.
  - If we are a trust, we warrant that no person has the right to return the +securities to be quoted under section 1019B of the Corporations Act at the time that we request that the +securities be quoted.
- 3 We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.
- 4 We give ASX the information and documents required by this form. If any information or document not available now, will give it to ASX before +quotation of the +securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.



Sign here:

(~~Director~~/Company secretary)

Date: 16 November 2012

Print name: Stephen Gleeson

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# Appendix 3B – Annexure 1

## Calculation of placement capacity under rule 7.1 and rule 7.1A for eligible entities

Introduced 01/08/12

### Part 1

<b>Rule 7.1 – Issues exceeding 15% of capital</b>	
<b>Step 1: Calculate “A”, the base figure from which the placement capacity is calculated</b>	
<b>Insert</b> number of fully paid ordinary securities on issue 12 months before date of issue or agreement to issue	N/A
<p><b>Add</b> the following:</p> <ul style="list-style-type: none"> <li>• Number of fully paid ordinary securities issued in that 12 month period under an exception in rule 7.2</li> <li>• Number of fully paid ordinary securities issued in that 12 month period with shareholder approval</li> <li>• Number of partly paid ordinary securities that became fully paid in that 12 month period</li> </ul> <p><i>Note:</i></p> <ul style="list-style-type: none"> <li>• <i>Include only ordinary securities here – other classes of equity securities cannot be added</i></li> <li>• <i>Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed</i></li> <li>• <i>It may be useful to set out issues of securities on different dates as separate line items</i></li> </ul>	
<b>Subtract</b> the number of fully paid ordinary securities cancelled during that 12 month period	
<b>“A”</b>	

<b>Step 2: Calculate 15% of “A”</b>	
“B”	0.15 <i>[Note: this value cannot be changed]</i>
<b>Multiply</b> “A” by 0.15	
<b>Step 3: Calculate “C”, the amount of placement capacity under rule 7.1 that has already been used</b>	
<p><b>Insert</b> number of equity securities issued or agreed to be issued in that 12 month period <i>not counting</i> those issued:</p> <ul style="list-style-type: none"> <li>• Under an exception in rule 7.2</li> <li>• Under rule 7.1A</li> <li>• With security holder approval under rule 7.1 or rule 7.4</li> </ul> <p><i>Note:</i></p> <ul style="list-style-type: none"> <li>• <i>This applies to equity securities, unless specifically excluded – not just ordinary securities</i></li> <li>• <i>Include here (if applicable ) the securities the subject of the Appendix 3B to which this form is annexed</i></li> <li>• <i>It may be useful to set out issues of securities on different dates as separate line items</i></li> </ul>	
“C”	
<b>Step 4: Subtract “C” from [“A” x “B”] to calculate remaining placement capacity under rule 7.1</b>	
“A” x 0.15  <i>Note: number must be same as shown in Step 2</i>	
<b>Subtract</b> “C”  <i>Note: number must be same as shown in Step 3</i>	
<b>Total</b> [“A” x 0.15] – “C”	<i>[Note: this is the remaining placement capacity under rule 7.1]</i>

## Part 2

<b>Rule 7.1A – Additional placement capacity for eligible entities</b>	
<b>Step 1: Calculate “A”, the base figure from which the placement capacity is calculated</b>	
<p><b>“A”</b></p> <p><i>Note: number must be same as shown in Step 1 of Part 1</i></p>	
<b>Step 2: Calculate 10% of “A”</b>	
<p><b>“D”</b></p>	<p>0.10</p> <p><i>Note: this value cannot be changed</i></p>
<p><b>Multiply “A” by 0.10</b></p>	
<b>Step 3: Calculate “E”, the amount of placement capacity under rule 7.1A that has already been used</b>	
<p><b>Insert</b> number of equity securities issued or agreed to be issued in that 12 month period under rule 7.1A</p> <p><b>Notes:</b></p> <ul style="list-style-type: none"> <li>• <i>This applies to equity securities – not just ordinary securities</i></li> <li>• <i>Include here – if applicable – the securities the subject of the Appendix 3B to which this form is annexed</i></li> <li>• <i>Do not include equity securities issued under rule 7.1 (they must be dealt with in Part 1), or for which specific security holder approval has been obtained</i></li> <li>• <i>It may be useful to set out issues of securities on different dates as separate line items</i></li> </ul>	
<p><b>“E”</b></p>	

<b>Step 4: Subtract “E” from [“A” x “D”] to calculate remaining placement capacity under rule 7.1A</b>	
<p>“A” x 0.10</p> <p><i>Note: number must be same as shown in Step 2</i></p>	
<p><b>Subtract “E”</b></p> <p><i>Note: number must be same as shown in Step 3</i></p>	
<p><b>Total</b> [“A” x 0.10] – “E”</p>	<p><i>Note: this is the remaining placement capacity under rule 7.1A</i></p>