



ASX Release

February 21, 2018

ATLAS PEARLS SECURES MORE COLLABORATIVE APPROACH TO PEARL TRADING

Atlas Pearls Ltd (ASX:ATP) ("Atlas" or "the Company") is pleased to report a positive outcome at its latest private sales event held in Kobe, Japan on February 13 and 14, 2018, with total sales amounting to A\$1.6M.

The Company has introduced a new sales format this year, in addition to the four private auctions it traditionally holds, by accepting customer pre-payments against future harvests. Three long standing trade customers of Atlas took this opportunity in October 2017 by advancing 30 million yen each (A\$1M collectively) to be granted the right to inspect and bid on our December/ January harvest prior to auction. This collaboration allowed our clients to secure the opportunity to select suitable merchandise to top-up or complete their inventory without having to go through the competitive bidding of the auction process, whilst providing Atlas the working capital to structure its February sales event in line with a more appropriate pearl harvest schedule.

"All clients ended up purchasing more than the value of their pre-payment at a price consistent with average auction prices" said Tim Jones, Atlas Pearls Distribution Manager. "We believe the outcome of the sale demonstrates the value of a more collaborative approach to trading" he added. Alternating private auction and private sales events offers more flexibility for both parties; it provides more opportunities to secure constant supply for traders, while allowing the farmer more leeway to better match harvest and sales event timings.

"Our customers have been the driving force behind our strategy to refocus on our core business" said Pierre Fallourd, Managing Director of Atlas Pearls. "The attention of our dedicated pearl farmers goes primarily to the oysters they are looking after, but we never lose sight of the ultimate recipient of those beautiful gems, both traders and end consumers alike" he added.

To further build on this encouraging result, Atlas has obtained further short term financing from one of its key customers in February. The Company secured a Yen100M (\$1.06M AUD) financing package from a long term Japanese Pearl Trading client. The loan is structured to be repaid in June 2018, with an option to renew for a further 12 months, to be agreed by both parties, one month in advance of expiry of the current loan period. The facility is unsecured, with an annual interest rate of 2.5%, payable on re-payment of the principal.

The pearl industry has always traditionally grown on the back of mutually beneficial supply agreements between organizations and individuals sharing the same passion and vision. Atlas is committed to continue to follow this path towards a solid and harmonious growth, with the support of its core clients.

For more information please visit: www.atlaspearls.com.au or contact

EMAIL. Atlas@AtlasPearls.com.au **TELEPHONE.** (08) 9284 4249



ABOUT ATLAS PEARLS LTD

Atlas Pearls (ASX: ATP) is an Australian listed pearling business with core operations in Indonesia established in 1992. Atlas has earned an enviable reputation as a world leading pearl producer of “the queen of all gems”, the South Sea pearl, specialising in high quality white and silver pearls. Atlas operates pearl farms spread across the Indonesian archipelago, including Bali, Flores, and West Papua. Atlas is a fully integrated business including hatchery, seeding, harvesting, grading, trading, design and manufacturing capabilities to sell directly to customers through wholesale partners and via its retail outlets.

The company is also involved in the production and transformation of essential oils as well as other plant grown active ingredients extraction and value adding via its Tasmanian based 50% owned subsidiary Essential Oils of Tasmania (EOT).

Atlas Pearls has been involved since its inception in managing active community relationships in Indonesia in the areas of environment protection, education and alternative livelihood programs.

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