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ATLAS SECURES STRATEGIC INVESTMENT INTO ESSENTIAL OILS OF TASMANIA

Atlas Pearls and Perfumes Ltd (ASX: ATP) (“Atlas” or the “Company”) is pleased to announce that following its announcement on 16 February this year, the Company has successfully executed binding agreements finalizing the sale of 50% of its wholly owned subsidiary Essential Oils of Tasmania (“EOT”) to Westwood Properties Pty Ltd (“Westwood”).

Westwood’s investment was valued at AU\$1.4m, comprising of \$280,000 for the shares being purchased and the balance in loans provided to EOT by Westwood. Of these loan monies up to \$720,000 will be used by EOT to repay existing loans previously provided by Atlas to EOT, while \$400,000 will remain in EOT for a maximum period of 18 months as working capital.

The transaction has the following benefits:

- It provides the working capital necessary to fund EOT’s crop growing and processing as well as necessary capital expenditure;
- It provides a capable and resourced partner with which to progress the EOT business; and
- Atlas retains a material investment in EOT and any future success that such an investment may bring.

As part of the transaction, Westwood has agreed to construct, on land owned by it, and lease to EOT (for an initial period of 5 years and an option for a further 5 year term) a development (“Development”) on prime land overlooking the ocean in the outskirts of Hobart to accommodate all of EOT’s newly acquired and assembled production lines for bio-actives (such as pearl powder milling and grinding stations), CO2 extraction units and perfume extraction/bottling lines. EOT’s relocation to these premises is aligned with the purchase of the aforementioned equipment made possible by an AusIndustry commercialisation Grant received by EOT in 2014. The relocation, timing and building sequence and budgets are being finalised to ensure minimal disruptions occur with the crop harvests and the commercialization calendar.

The ultimate aim of Atlas and Westwood is to construct and operate a state of the art Industrial Tourism facility at the Development, featuring fragrance and flavour extraction processes from raw crops to finished products as well as a retail store and entertainment and training area dedicated to essential oils and perfume.

Westwood has granted EOT an exclusive option to purchase the land on which the Development is to be constructed at any time until the expiry of the initial 5 year term of the lease at a price to be independently valued.

"The prospects of the new joint venture are really exciting as both parties are like minded and sharing EOT's long term vision to enter the bio-active extraction business and open new markets, while featuring this unique Tasmanian know-how to the world." said Pierre Fallourd, CEO of Atlas Pearls and Perfumes.

"At the core of this deal is a group of skilled and committed professionals and investors dedicated to bring the magic of flavour and fragrance extraction to the general public and in doing so provide Tasmania with the unique opportunity to further improve the perception and commercialization of its unique natural resources" commented Geoff Newman, Chairman of Atlas Pearls and Perfumes.

"Few in Tasmania know that fennel grown in this region and transformed by EOT is being sold to famous liquor and spirit brands in France nor that a number of rare Tasmanian extracts enter in the secret and delicate composition of French mainstream fragrances. We intend to unveil part of this mystery to the world" added Pierre Fallourd, CEO of Atlas Pearls and Perfumes.

ABOUT ATLAS PEARLS AND PERFUMES LTD

Atlas Pearls and Perfumes ("Atlas") is an Australian based pearling and perfume business established in 1992. Atlas has earned an enviable reputation as a world leading pearl producer of "nature's most precious gift", the South Sea pearl, specialising in highly sought after white and silver pearls. Atlas operates pearl farms spread across the Indonesian archipelago, including Bali, Flores, and West Papua. Atlas is a fully integrated pearling business. The Company has its own high quality grading and loose pearl distribution business, a jewellery manufacturing capability and sells direct to customers through wholesale partners and via its retail outlets. In 2012, the Company expanded its operations into perfumes and is currently developing a range of propriety products which include pearl powder (cosmetics and nutraceuticals), pearl proteins (cosmetics), pearl volatiles and boronia (perfumes) for supply into the global luxury supply chain.

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

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