

ATLAS

PEARLS AND PERFUMES

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ATLAS PEARLING OPERATIONS UPDATE

Atlas Pearls and Perfumes returned to profit in FY14 on the back of high pearl prices and a full year contribution from Essential Oils of Tasmania. The timing of the June 29 2014 auction as alluded to in the annual financial report reduced the brought forward opening loose pearl stock levels for FY15. Harvests to date for FY15 have demonstrated a lower average weight compared to the same period in FY14 and as a result a comprehensive review of all pearl oyster stocks available for harvest in the current financial year has been completed by the new management team. We are now anticipating a short term decline in pearl production driven by smaller average pearl sizes (estimated sizes for FY15 to be 15% under FY14).

This is expected to reverse in FY16 as a result of an increase in the number and quality of seeded oysters to be harvested in that year.

Modern pearl farming is made up of production sequences that are intimately connected. It is agility or the ability to positively react to a constantly changing environment that determines the success of sustainable pearl ventures. The Company is experiencing strong demand from Asia and the re-emerging North American market, as demonstrated by our auction results.

The management understands the need to align the production and earning cycles to meet market demand and has implemented a raft of new controls and processes aimed at optimisation.

The Atlas team looks forward to your continued support and encouragement.

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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