

ATLAS

PEARLS AND PERFUMES

11 July 2017

ASX Listing Rule Waivers – Secured Loan

Atlas Pearls and Perfumes Limited (ASX: ATP) (“Atlas” or “the Company”) wishes to advise that it has been granted a waiver of ASX Listing Rule 10.1 (“Waiver”).

The Waiver will allow the Company, without obtaining shareholder approval under ASX Listing Rule 10.1, to grant a second ranking security over its assets (“Security”) to TJM Australia Pty Ltd (ACN 115 313 418) ATF the TJM Trust (“TJM”) and Boneyard Investments Pty Ltd ACN 161 625 734 (“Boneyard”) (together “the Lenders”) to secure the existing \$3.5 million loan to the Company from the Lenders (“Loan Facility”).

The Company sought the Waiver at the request of the Lenders so that the Security can be granted before shareholder approval is sought. Subject to obtaining the consent of its first secured lender, National Australia Bank, the Company intends to grant the Security to the Lenders as soon as practicable.

The Company still intends to seek shareholder approval under Listing Rule 10.1 for the Security. If shareholder approval is obtained, the Waiver falls away as it is no longer required. If Shareholder approval is not obtained, the Security can remain in place but the Lenders, on an event of default by the Company under the Loan Facility, are bound by the condition (a) below which prohibits them acquiring any interest in the Company’s assets through exercising their rights under the Security.

The Waiver is subject to the following conditions:

- a) if an event of default occurs and the Lenders enforce their Security, neither the Lenders nor their associates may acquire any legal or beneficial interest in an asset of the Company or its subsidiaries in full or part satisfaction of the Company’s obligations under the Security, or otherwise deal with the assets of the Company or its subsidiaries, without the Company having first complied with any applicable Listing Rules, including Listing Rule 10.1, other than as required by law or through a receiver, or receiver or manager (or analogous person) appointed by the Lenders exercising their power of sale under the Security and selling the assets to an unrelated third party on arm's length commercial terms and conditions and distributing the cash proceeds to the Lenders or any of its associates in accordance with their legal entitlements;
- b) a summary of the material terms of the Security must be made in each annual report of the Company during the term of the Security;
- c) any variations to the terms of the Security which is not a minor change or inconsistent with the terms of the Waiver, must be subject to shareholder approval;
- d) the Company and the Lenders must seek to discharge the Security when the funds advanced to the Company are repaid, or if it is not discharged, seek shareholder approval for the continuation of the Security for any further period; and
- e) the Company must immediately release to the market an announcement which sets out the terms of the waiver, and the Company’s plans with respect to the (i) repayment of the funds advanced under the Loan Facility, and (ii) discharge of the Security, including the timeframe within which it expects the repayment and discharge to occur.

The Security will contain a clause that complies with condition (a) above.

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Under the terms of the Loan Facility, the Company has agreed to staged repayments of the \$3.5 million Loan Facility, beginning in February 2018 and ending in June 2020. The Company may repay all or part of the outstanding Loan Facility early without penalty. The Company expects to repay the Loan Facility no later than the last repayment date of 30 June 2020 and discharge the Security shortly thereafter.

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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