

ATLAS

PEARLS AND PERFUMES

28 June 2017

Atlas Secures New Debt Structure

Atlas Pearls and Perfumes Ltd (ASX:ATP) ("Atlas" or "the Company") is pleased to advise the market that the Company has successfully secured a debt restructuring package.

As previously disclosed to the Market, the Company is due to complete the repayment of a \$5M Debt Facility to the Commonwealth Bank of Australia ("CBA") on June 30, 2017.

As a result of this known requirement, the Company has secured a \$2M extension to the January 2017 debt financing package with a related party, Mr Tim Martin and the Martin Family ("Martin Facility"). Mr Tim Martin remains a Director of the Company.

The loan terms remain in line with the original package, with repayments over a 3 year period at a 7.5% interest rate, and staged repayments beginning from February 2018. Subject to shareholder approval, the updated loan now contains a convertibility provision. The outstanding debt and interest will only be convertible into Shares in the event the Company defaults on its repayment terms, with conversion being at the lender's option. In that event, the conversion price will be at a 15% discount to the most recent 30 day VWAP, with a minimum conversion price of 1.5c.

To complement this continued support from a major shareholder, the Company is pleased to announce a new relationship with National Australia Bank ("NAB"). The NAB will take over from the CBA as the Company's transactional banker and provide additional support by way of a \$1M working capital overdraft facility.

The NAB will replace the CBA in holding a first charge over the Company assets to secure the overdraft facility. As advised to the market in January, the Board will shortly call a General Meeting of shareholders to seek approval for the necessary General Security Deed in relation to the extended Martin Facility, which will rank second behind the NAB facility. The Company has applied for ASX waivers necessary to convert the Martin Facility and for the General Security Deed and will seek shareholder approval for convertibility at the General Meeting.

When combined, these two facilities provide the Company with the necessary working capital to continue with the delivery of the Company's strategic plan on a stable footing, with a highly supportive shareholder and a more aligned banking provider. The Board is confident the agreement represents the best available outcome for shareholders.

"This is a major development for Atlas. I am delighted to welcome NAB as the new bank lender to Atlas, and very grateful for the continued support of our major shareholder" said Geoff Newman, Chairman. "The Company is full of passionate people who have a great belief in what we are trying to achieve. The replacement of the Company's previous debt facilities will enable Atlas to continue its strategy of increasing seedings and, ultimately, the number and quality of pearls produced and sold. Both our major shareholder and a new banking provider share our vision and have backed our management team to deliver."

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“This successful debt restructuring comes on the back of two auctions the Company held in Japan in April and June this year. Both events delivered respectively 254M and 235M Yen or equivalent total of AUD\$6M, with indications of recovery from the market correction observed and reported first half of the year. This market variability made the capital restructure all the more relevant” said Pierre Fallourd, Managing Director. “Demand for Atlas pearls is there, we have sold all our pearls this year. We are confident the Company’s new debt structure and investment this year will allow us to better serve our clients along the pearl value chain for the years to come.”

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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