

ATLAS

PEARLS AND PERFUMES

ABN 32 009 220 053

NOTICE OF ANNUAL GENERAL MEETING, EXPLANATORY STATEMENT AND PROXY FORM

- Date of Meeting:** Monday, 31 October 2016
- Time of Meeting:** 12.00 pm (WST)
- Place of Meeting:** Atlas Pearls and Perfumes
47 - 49 Bay View Terrace
Claremont, Western Australia

This Notice of Annual General Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisers prior to voting.

Should you wish to discuss the matters in this Notice of Annual General Meeting please do not hesitate to contact the Company Secretary on +61 8 9284 4249.

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ATLAS PEARLS AND PERFUMES LTD

ABN 32 009 220 053

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of the Shareholders of Atlas Pearls and Perfumes Ltd ("Atlas Pearls and Perfumes" or "the Company") will be held as follows:

TIME: 12.00pm (WST)

DATE: Monday, 31 October 2016

LOCATION: Atlas Pearls and Perfumes, 47 - 49 Bay View Terrace, Claremont, Western Australia

**This Notice of Annual General Meeting should be read in its entirety.
If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisers without delay.**

If you wish to discuss any aspects of this document with the Company, please contact the Company Secretary on +61 8 9284 4249.

Words and phrases used in the Resolutions are defined in Section 7 of the accompanying Explanatory Statement and these words and phrases have the same meaning in this Notice of Annual General Meeting as defined in the Explanatory Statement.

AGENDA

ORDINARY BUSINESS

Financial Statements and Reports

To receive and consider the annual financial report of the Company for the financial year ended 30 June 2016 including the declaration of the Directors, the Directors' report, the Remuneration Report and the Auditor's report.

Resolution 1 – Adoption of Remuneration Report

To consider and, if thought fit, to pass, with or without amendment, the following resolution as a **non-binding** resolution:

"That, for the purpose of section 250R(2) of the Corporations Act, approval is given for the adoption of the Remuneration Report as contained in the Company's annual financial report for the financial year ended 30 June 2016."

Note: Pursuant to section 250R(3) of the Corporations Act, the vote on this Resolution is advisory only and does not bind the Directors or the Company.

Voting Exclusion Statement

A vote on this Resolution must not be cast (in any capacity) by or on behalf of any of the following persons:

- (a) a member of the Key Management Personnel, details of whose remuneration are included in the Remuneration Report;
or
- (b) a Closely Related Party of such a member.

However, a person described above may vote on this Resolution if:

- (c) the person is acting as proxy and the proxy form specifies how the proxy is to vote, and the vote is not cast on behalf of a person who is otherwise excluded from voting on this Resolution as described in sub-paragraphs (a) or (b) above; or
- (d) the person is the chair of the Annual General Meeting voting an undirected proxy which expressly authorises the chair to vote the proxy on a resolution connected with the remuneration of a member of Key Management Personnel.
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Resolution 2 – Re-election of Director Mr Geoffrey Newman

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an ordinary resolution:

“That, Mr Geoffrey Newman, who retires by rotation in accordance with section 10.7(b) of the Constitution and Listing Rule 14.5 and, being eligible, offers himself for election, be re-elected as a Director.”

Resolution 3 - Approval of Issue of Shares in Lieu of Outstanding Director’s Fees to Mr Geoffrey Newman (or his nominee)

To consider and, if thought fit, to pass, with or without amendment, the following Resolution as an ordinary resolution:

“That for the purposes of ASX Listing Rule 10.11, approval is given for the Company to issue 716,289 Shares in lieu of outstanding director’s fees to Mr Geoffrey Newman or his nominee on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion Statement

The Company will disregard any votes cast on this Resolution by Mr Newman and any associate of Mr Newman. However, the Company need not disregard a vote if (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form or (b) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

The Company will also disregard any votes cast on this Resolution by any member of the Key Management Personnel or their Closely Related Parties as proxy for another person where the Proxy Form does not specify how the proxy is to vote, with the exception that votes cast by the Chairman as proxy appointed in writing, in accordance with a direction on the Proxy Form to vote as the proxy decides, will not be excluded.

Resolution 4 - Approval of Issue of Shares in Lieu of Outstanding Director’s Fees to Mr Timothy Martin (or his nominee)

To consider and, if thought fit, to pass, with or without amendment, the following Resolution as an ordinary resolution:

“That for the purposes of ASX Listing Rule 10.11, approval is given for the Company to issue 518,512 Shares in lieu of outstanding director’s fees to Mr Timothy Martin or his nominee on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion Statement

The Company will disregard any votes cast on this Resolution by Mr Timothy Martin and any associate of Mr Martin. However, the Company need not disregard a vote if (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form or (b) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

The Company will also disregard any votes cast on this Resolution by any member of the Key Management Personnel or their Closely Related Parties as proxy for another person where the Proxy Form does not specify how the proxy is to vote, with the exception that votes cast by the Chairman as proxy appointed in writing, in accordance with a direction on the Proxy Form to vote as the proxy decides, will not be excluded.

Resolution 5 - Approval of Issue of Shares in Lieu of Outstanding Director's Fees to Mr Stephen Arrow (or his nominee)

To consider and, if thought fit, to pass, with or without amendment, the following Resolution as an ordinary resolution:

“That for the purposes of ASX Listing Rule 10.11, approval is given for the Company to issue 518,512 Shares in lieu of outstanding director's fees to Mr Stephen Arrow or his nominee on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion Statement

The Company will disregard any votes cast on this Resolution by Mr Stephen Arrow and any associate of Mr Arrow. However, the Company need not disregard a vote if (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form or (b) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

The Company will also disregard any votes cast on this Resolution by any member of the Key Management Personnel or their Closely Related Parties as proxy for another person where the Proxy Form does not specify how the proxy is to vote, with the exception that votes cast by the Chairman as proxy appointed in writing, in accordance with a direction on the Proxy Form to vote as the proxy decides, will not be excluded.

Resolution 6 - Approval of Issue of Shares in Lieu of Outstanding Remuneration to Mr Pierre Fallourd (or his nominee)

To consider and, if thought fit, to pass, with or without amendment, the following Resolution as an ordinary resolution:

“That for the purposes of ASX Listing Rule 10.11, approval is given for the Company to issue 555,556 Shares in lieu of outstanding remuneration owed to Mr Pierre Fallourd or his nominee on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion Statement

The Company will disregard any votes cast on this Resolution by Mr Pierre Fallourd and any associate of Mr Fallourd. However, the Company need not disregard a vote if (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form or (b) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

The Company will also disregard any votes cast on this Resolution by any member of the Key Management Personnel or their Closely Related Parties as proxy for another person where the Proxy Form does not specify how the proxy is to vote, with the exception that votes cast by the Chairman as proxy appointed in writing, in accordance with a direction on the Proxy Form to vote as the proxy decides, will not be excluded.

Resolution 7 - Approval for Issue of Shares in Lieu of Outstanding Directors Fees to Dr Joseph Taylor (or his nominee)

To consider and, if thought fit, to pass the following Resolution as an ordinary resolution:

“That for the purposes of ASX Listing Rule 7.1 and for all other purposes, approval be given to issue 164,289 Shares to Dr Joseph Taylor (or nominee) on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion Statement

The Company will disregard any votes cast on this Resolution by Dr Joseph Taylor (or nominee) and a person who may obtain a benefit, except a benefit solely in the capacity of a holder of ordinary shares if the Resolution is passed and any Associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Resolution 8 - Approval of 10% Placement Capacity

To consider and, if thought fit, to pass, the following resolution as a special resolution:

“That, pursuant to ASX Listing Rule 7.1A, approval be given to issue Equity Securities up to 10% of the issued capital of the Company (at the time of issue) calculated in accordance with the formula prescribed in Listing Rule 7.1A.2 and on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion Statement

The Company will disregard any votes cast on this Resolution by a person who may participate in the proposed issue and a person who might obtain a benefit except a benefit solely in the capacity of a holder of Shares if this Resolution is passed and any Associates of those persons. However, the Company will not disregard a vote if (a) it is cast by the person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form or (b) it is cast by the person chairing the Annual General Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Questions and Comments

The Chairman will allow a reasonable opportunity for Shareholders to ask questions about or make comments on the management of the Company.

Dated this 26 September 2016

By order of the Board



Susan Hunter
Company Secretary

IMPORTANT INFORMATION

EXPLANATORY STATEMENT

Shareholders are referred to the Explanatory Statement accompanying and forming part of this Notice of Annual General Meeting for further explanation of the Resolutions.

PROXIES

Members are encouraged to attend the meeting, but if you are unable to attend the meeting, we encourage you to complete and return the enclosed Proxy Form.

In accordance with section 249L of the Corporations Act, Shareholders are advised that:

- each Shareholder has the right to appoint a proxy;
- the proxy need not be a Shareholder of the Company; and
- a Shareholder who is entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If the member appoints 2 proxies and the appointment does not specify the proportion or number of the member's votes, then in accordance with section 249X(3) of the Corporations Act, each proxy may exercise one-half of the votes.

To vote by proxy, please complete and sign the enclosed Proxy Form and return by:

- delivery to Atlas Pearls and Perfumes at 47 - 49 Bayview Terrace, Claremont, WA 6010; or
- post to Atlas Pearls and Perfumes at PO Box 1048, Claremont, WA 6910; or
- facsimile to the Company on +61 8 9284 3031; or
- emailing it to the Company at atlas@atlaspearlsandperfumes.com.au.

To be effective, a Proxy Form and, if the Proxy Form is signed by the shareholder's attorney, the authority under which the appointment is signed (or a certified copy of that authority) must be received by the Company not later than 48 hours before the time specified for the commencement of the Annual General Meeting.

CORPORATE REPRESENTATIVES

A body corporate that is a Shareholder, or which has been appointed as proxy, may appoint an individual to act as its representative at the Annual General Meeting. The appointment must comply with the requirements of section 250D of the Corporations Act. The representative should bring to the meeting evidence of his or her appointment, including any authority under which it is signed, unless it has previously been given to the Company.

DATE FOR DETERMINING HOLDERS OF SHARES

In accordance with Regulation 7.11.37 of the *Corporations Regulations 2001* (Cth), the Directors have set a date to determine the identity of those entitled to attend and vote at the Annual General Meeting. For the purposes of determining voting entitlements at the Annual General Meeting, Shares will be taken to be held by the persons who are registered as holding at 12.00pm (WST) on 29 October 2016. Accordingly, transactions registered after that time will be disregarded in determining entitlements to attend and vote at the Annual General Meeting.

ATLAS PEARLS AND PERFUMES LTD

ABN 32 009 220 053

EXPLANATORY STATEMENT

This Explanatory Statement has been prepared to assist Shareholders with their consideration of the Resolutions proposed for the Annual General Meeting of the Company to be held at Atlas Pearls and Perfumes, 47-49 Bay View Terrace, Claremont, Western Australia at 12.00pm (WST) on Monday, 31 October 2016.

The purpose of this Explanatory Statement is to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions. Terms and abbreviations used in this Explanatory Statement are defined in the Glossary.

1. FINANCIAL STATEMENTS AND REPORTS

In accordance with the Corporations Act, the business of the Annual General Meeting will include receipt and consideration of the Company's financial report for the financial year ended 30 June 2016, together with the declaration of the directors, Directors' report, the Remuneration Report and the Auditor's report. The Company will not provide a hard copy of the Company's annual financial report to Shareholders unless specifically requested to do so. Those reports are available in the Annual Report on the Company's website at www.atlaspearlsandperfumes.com.au.

There is no formal resolution to be put in respect of this matter. However, Shareholders will be given the opportunity to make comments and ask questions in respect of the above reports.

A representative of the Company's Auditor will be present at the Meeting and Shareholders will have the opportunity to ask the Auditor questions in relation to the conduct of the audit, the Auditor's report, the Company's accounting policies and the independence of the Auditor.

2. RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

The Corporations Act requires that at a listed company's annual general meeting, a resolution that the remuneration report be adopted must be put to the shareholders. However, such a resolution is advisory only and does not bind the company or the directors of the company.

The Company's Annual Report for the financial year ending 30 June 2016 contains the Remuneration Report.

The Remuneration Report:

1. explains the Board's policies in relation to the nature and level of remuneration paid to Directors and senior managers within the Atlas group; and
2. sets out the remuneration details of each Director and for each member of the Company's senior executive management team named in the Remuneration Report for the financial year ended 30 June 2016.

Voting on the adoption of the Remuneration Report is for advisory purposes only and will not bind the Directors or the Company. The Chairman will allow reasonable opportunity for Shareholders to ask questions about, or comment on, the Remuneration Report at the Meeting.

Under the Corporations Act, if 25% or more of votes that are cast are voted against the adoption of the Remuneration Report at two consecutive annual general meetings, Shareholders will be required to vote at the second of those annual general meetings on a resolution (a "spill resolution") on whether the Board should be put up for re-election. A Spill Resolution will not be required at this Annual General Meeting as the votes against the Remuneration Report at the Company's 2015 annual general meeting were less than 25%.

Please note that a copy of the Annual Report is available on the Company's website at www.atlaspearlsandperfumes.com.au.

Shareholders appointing a proxy for Resolution 1 should note the following:

Proxy	Directions given	No directions given
Key Management Personnel ¹	Vote as directed	Unable to vote ³
Chair ²	Vote as directed	Able to vote at discretion of Proxy ⁴
Other	Vote as directed	Able to vote at discretion of Proxy

Notes:

¹ Refers to Key Management Personnel (other than the Chair) whose remuneration details are included in the Remuneration Report, or a Closely Related Party of such a member.

² Refers to the Chair (where he/she is also a member of the Key Management Personnel whose remuneration details are included in the Remuneration Report), or a Closely Related Party of such a member).

³ Undirected proxies granted to these persons will not be voted and will not be counted in calculating the required majority if a poll is called on this Resolution.

⁴ The Proxy Form notes it is the Chair's intention to vote all undirected proxies in favour of all Resolutions.

3. RESOLUTION 2 – RE-ELECTION OF DIRECTOR MR GEOFFREY NEWMAN

Clause 10.7(b) of the Constitution requires that when required to do so by the Corporations Act or the Listing Rules, the Company must hold an election of directors. Listing Rule 14.5 requires the Company to hold an election of Directors at each annual general meeting.

Mr Newman was last re-elected a Director of the Company at the 2015 annual general meeting. In accordance with clause 10.7(b) of the Constitution and ASX Listing Rule 14.5, Mr Newman is required to retire and being eligible for election, offers himself for re-election.

Mr Newman was appointed to the Board as a Non-Executive Director on 15 October 2010 and was appointed Independent Non-executive Chairman on 16 February 2015. He is also Chair of the Audit and Risk Committee and the Remuneration and Nomination Committee. Details on Mr Newman's qualifications and experience are included below:

GEOFF NEWMAN B.Ec (Hons),M.B.A, F.C.P.A ,F.A.I.C.D. (Age – 65)

Mr Newman has over 26 years' experience in finance, marketing and general management roles in organisations either directly involved in the resources sector or providing services and products to businesses in that sector. In 1995, after managing Bunnings Pulpwood operations for a number of years, he joined Coogee Chemicals Pty Ltd as Commercial Manager and then was appointed to the Board as Finance Director in the following year. Until August 2005 he was Finance Director/CFO and Company Secretary of both Coogee Chemicals and its oil and gas subsidiary Coogee Resources Ltd before he retired from the Coogee group of companies at the end of June 2006.

If elected, the Board considers Mr Newman will be an independent director.

The Board unanimously supports the re-election of Mr Newman and recommends that Shareholders vote in favour of Resolution 2.

4. RESOLUTIONS 3 TO 6 - APPROVAL OF ISSUE OF SHARES IN LIEU OF OUTSTANDING DIRECTORS' FEES AND REMUNERATION TO MESSRS NEWMAN, MARTIN, ARROW AND FALLOURD

4.1 Background

Resolutions 3 to 5 seek Shareholder approval in accordance with Listing Rule 10.11 for issue of a total of 1,753,313 Shares to Atlas Directors Messrs Newman, Martin and Arrow (or their nominees). This issue of Shares provides a means by which the Company can satisfy outstanding Directors' fees for the period 1 November 2014 to 30 June 2015 owed to Messrs Newman, Martin and Arrow.

Resolution 6 seeks Shareholder approval in accordance with Listing Rule 10.11 for issue of a total of 555,556 Shares to Atlas Managing Director Mr Fallourd (or his nominee). Mr Fallourd elected, subject to Shareholder approval, to take \$25,000 of his base remuneration during the period 1 November 2014 to 30 November 2015 in Shares rather than cash.

This issue of Shares to Messrs. Newman, Martin, Arrow and Fallourd provides a means by which the Company can satisfy \$78,899 in Directors fees owed to Messrs Newman, Martin and Arrow and \$25,000 in remuneration owed to Mr Fallourd thereby preserving the Company's cash resources for application in other areas.

4.2 Details of Shares to be issued

It is proposed under Resolutions 3 to 5 that a total of 1,753,313 Shares be issued to Messrs Newman, Martin and Arrow (or their nominees) in lieu of outstanding Directors' fees and 555,556 Shares be issued to Mr Fallourd under Resolution 6 as set out in the table below.

The Shares are proposed to be issued for a deemed issue price of \$0.045 per Share being the issue price for Atlas' last capital raising, a non-renounceable entitlement issue announced to ASX on 16 March 2015 which closed on 24 April 2015, and represents a 22% premium to the closing Share price of the Company's Shares immediately before the date of this Notice of Annual General Meeting.

This issue of Shares will satisfy 100% of the Directors' fees owed to Messrs Newman, Martin and Arrow for the period 1 November 2014 to 30 June 2015 and \$25,000 of Mr Fallourd's base remuneration during the period 1 November 2014 to 30 November 2015. Mr. Fallourd's remaining base remuneration during the period 1 November 2014 to 30 November 2015 has already been paid in cash.

The number of Shares proposed to be issued to each Director is equal to the amount of Directors' fees/remuneration outstanding divided by the deemed issue price of \$0.045 per Share.

Name	Directors' Fees/ Remuneration Outstanding	Deemed Issue Price per Share	Maximum Number of Shares to be Issued
Geoff Newman	\$32,233	\$0.045	716,289
Tim Martin	\$23,333	\$0.045	518,512
Steve Arrow	\$23,333	\$0.045	518,512
Pierre Fallourd	\$25,000	\$0.045	555,556
TOTAL	\$103,899	-	2,308,869

4.3 Chapter 2E of the Corporations Act

For a public company, or an entity that the public company controls, to give a financial benefit to a related party of the public company, the public company or entity must:

- (i) obtain the approval of the public company's members in the manner set out in sections 217 to 227 of the Corporations Act; and

- (ii) give the benefit within 15 months following such approval,

unless the giving of the financial benefit falls within an exception set out in sections 210 to 216 of the Corporations Act.

The grant of Shares constitutes giving a financial benefit and Messrs Newman, Martin and Fallourd are Related Parties of the Company by virtue of being Directors. Mr Arrow is considered a Related Party of the Company as he was a Director of the Company within the last 6 months. Mr Arrow resigned as a Director of the Company on 22 September 2016.

The Directors consider that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required in respect of the grant of Shares because the agreement to issue the Shares, reached as part of the remuneration packages for each Director, is considered reasonable remuneration in the circumstances.

4.4 Reason approval required

Shareholder approval is required under Listing Rule 10.11 because the current Directors Messrs Newman, Martin and Fallourd are Related Parties of the Company. Mr Arrow is considered a Related Party of the Company as he was a Director of the Company within the last 6 months.

Listing Rule 10.11 provides that a company must not issue Equity Securities to a Related Party or a person whose relationship with the entity or a related party is, in ASX's opinion, such that approval should be obtained unless an exception in ASX Listing Rule 10.12 applies, without the approval of shareholders

As the issue of the Shares involves the issue of securities to a related parties of the Company, Shareholder approval pursuant to ASX Listing Rule 10.11 is required unless an exception applies. It is the view of the Directors that the exceptions set out in ASX Listing Rule 10.12 do not apply in the current circumstances.

Pursuant to Listing Rule 7.2 exception 14, where approval under Listing Rule 10.11 is obtained, approval is not required under Listing Rule 7.1 and the issue of securities will not be included in the Company's 15% limit.

4.5 Specific information required by Listing Rule 10.13

In accordance with Listing Rule 10.13 the following information is provided in relation to Resolutions 3 to 6:

- (i) **Maximum Number of Shares to be Issued:** A maximum of 2,308,869 Shares are proposed to be issued, comprising the following:
- 716,289 Shares to be issued to Mr Newman (or nominee) pursuant to Resolution 3;
 - 518,512 Shares to be issued to Mr Martin (or nominee) pursuant to Resolution 4;
 - 518,512 Shares to be issued to Mr Arrow (or nominee) pursuant to Resolution 5; and
 - 555,556 Shares to be issued to Mr Fallourd (or nominee) pursuant to Resolution 6.
- (ii) **Issue Price:** The Shares will be issued for a deemed issue price of \$0.045 per Share.
- (iii) **Relationship with the Company:** The Shares to be issued pursuant to Resolutions 3, 4 and 6 are to be issued to Messrs Newman, Martin and Fallourd (or their respective nominees), each of whom are Directors of the Company. The Shares to be issued pursuant to Resolution 5 are to be issued to Mr Arrow (or his nominee). Mr Arrow is considered a Related Party of the Company as he was a Director of the Company within the last 6 months. Mr Arrow resigned as a Director of the Company on 22 September 2016.
- (iv) **Terms:** The Shares to be issued will rank equally in all respects with the existing Shares on issue. The Company will apply to ASX for official quotation of the Shares.
- (v) **Intended Use of Funds:** The Shares are being issued at a deemed issue price of \$0.045 per Share in lieu of Directors' fees and remuneration owed to Messrs Newman, Martin and Arrow amounting to \$103,899 and consequently no funds will be raised by the issue. The issue of Shares provides a means by which the Company can satisfy \$78,899 in Directors fees owed to Messrs Newman, Martin and Arrow and \$25,000 in remuneration owed to Mr. Fallourd thereby preserving the Company's cash resources for application in other areas.
- (vi) **Date of Issue:** The issue of Shares under Resolutions 3 to 6 will occur no later than 1 month after approval of the Resolution or such later date to the extent permitted by an ASX waiver of the Listing Rules.

- (vii) **Voting Exclusion:** An appropriate voting exclusion statement for Resolutions 3 to 6 is included in the Notice of Annual General Meeting.

Other than the information above and otherwise in this Explanatory Statement, the Company believes that there is no other information that would be reasonably required by Shareholders to consider Resolutions 3 to 6.

Given each of the Directors of the Company have an interest in Resolutions 3, 4 and 6, they believe it inappropriate to make a recommendation on the Resolutions. The Board recommends Shareholders vote in favour of Resolution 5.

5. RESOLUTION 7 - APPROVAL FOR ISSUE OF SHARES TO DR JOSEPH TAYLOR (OR NOMINEE)

Resolution 7 seeks Shareholder approval in accordance with Listing Rule 7.1 for issue of a total of 164,289 Shares to past Atlas Director Dr Joseph Taylor (or his nominee). This issue of Shares provides a means by which the Company can satisfy \$7,393 in outstanding Directors' fees owed to Dr Taylor for the period 1 November 2014 to 16 February 2015 (the date of Dr Taylor's resignation from the Board) thereby preserving the Company's cash resources for application in other areas.

Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue during any 12 month period any Equity Securities, if the number of those securities exceeds 15% of the number of securities in the same class on issue at the commencement of that 12 month period.

In accordance with Listing Rule 7.3 the following information is provided in relation to Resolution 7:

- (i) **Maximum Number of Shares to be Issued:** 164,289 Shares.
- (ii) **Issue Price:** The Shares will be issued for a deemed issue price of \$0.045 per Share representing the issue price for Atlas' non-renounceable entitlement issue announced to ASX on 16 March 2015 which closed on 24 April 2015 and represents a 22% premium to the closing Share price of the Company's Shares immediately before the date of this Notice of Annual General Meeting.
- (iii) **Allottee:** The Shares will be issued to Dr Joseph Taylor (or his nominee). Dr Joseph Taylor (or his nominee) resigned as a Director of Atlas on 16 February 2015 and he is not a Related Party of the Company.
- (iv) **Terms:** The Shares to be issued will rank equally in all respects with the existing Shares on issue. The Company will apply to ASX for official quotation of the Shares.
- (v) **Intended Use of Funds:** The Shares are being issued at a deemed issue price of \$0.045 per Share in lieu of \$7,393 in Directors' fees owed to Dr Taylor and consequently no funds will be raised by the issue. The issue of Shares provides a means by which the Company can satisfy \$7,393 in Directors fees owed to Dr Taylor thereby preserving the Company's cash resources for application in other areas.
- (vi) **Date of Issue:** The allotment will occur on a single date no later than 3 months after the date of the Annual General Meeting or such later date to the extent permitted by an ASX waiver of the Listing Rules. The allotment date of the Shares will be the same date as the issue date of the Shares.
- (vii) **Voting Exclusion:** An appropriate voting exclusion statement is included in the Notice of Annual General Meeting.

The Board recommends that the Shareholders vote in favour of this Resolution.

6. RESOLUTION 8: APPROVAL OF 10% PLACEMENT CAPACITY

ASX Listing Rule 7.1A enables Eligible Entities to seek Shareholder approval at its annual general meeting to allow it to issue Equity Securities up to 10% of their issued capital through placements over a 12 month period after the annual general meeting ("10% Placement Capacity"). The 10% Placement Capacity is in addition to the Company's 15% placement capacity under Listing Rule 7.1.

An eligible entity for the purposes of Listing Rule 7.1A is an entity that is not included in the S&P/ASX 300 Index and has a market capitalisation of \$300 million or less. Based on the number of Shares on issue as at 23 September 2016 and the closing price of the Company's Shares on the ASX on 23 September 2016 of \$0.037 per Share, the Company's market capitalisation is approximately \$15.7 million. The Company is an Eligible Entity.

The Company is now seeking Shareholder approval by way of a special resolution to have the ability to issue Equity Securities under the 10% Placement Capacity.

The exact number of Equity Securities to be issued under the 10% Placement Capacity will be determined in accordance with the formula prescribed in Listing Rule 7.1A2 (set out below).

The Company intends to use the funds raised under the 10% Placement Facility towards supporting existing current assets, reduce existing debt, to fund research and development initiatives, to fund increased production of strategic pearl by-product and perfume ingredients and commercialisation of new consumer products through World Senses Pty Ltd, to fund expansion of the existing pearl auction strategy and/or for general working capital. In addition, the Company may use the cash consideration for the acquisition of new assets and investments.

The Directors recommend that the Shareholders vote in favour of this Resolution.

6.1 Description of Listing Rule 7.1A

(a) Shareholder approval

The ability to issue Equity Securities under the 10% Placement Capacity is subject to Shareholder approval by way of a special resolution at an annual general meeting.

(b) Equity Security

Any Equity Securities issued under the 10% Placement Capacity must be in the same class as an existing quoted class of Equity Securities of the Company.

As at the date of this Notice of Annual General Meeting, the Company has one class of Equity Security, being Shares.

(c) Formula for calculating 10% Placement Capacity

Listing Rule 7.1A.2 provides that Eligible Entities which have obtained shareholder approval at an annual general meeting may issue or agree to issue, during the 12 month period after the date of the annual general meeting, a number of Equity Securities calculated in accordance with the following formula:

$$(A \times D) - E$$

A is the number of fully paid ordinary shares on issue 12 months before the date of issue or agreement:

- (a) plus the number of fully paid ordinary shares issued in the 12 months under an exception in Listing Rule 7.2;
- (b) plus the number of partly paid shares that became fully paid in the 12 months;
- (c) plus the number of fully paid ordinary shares issued in the 12 months with approval of holders of shares under Listing Rule 7.1 and 7.4. This does not include an issue of fully paid ordinary shares under the entity's 15% placement capacity without shareholder approval;
- (d) less the number of fully paid shares cancelled in the 12 months.

Note that A has the same meaning in Listing Rule 7.1 when calculating an entity's 15% placement capacity.

D is 10%.

E is the number of Equity Securities issued or agreed to be issued under Listing Rule 7.1A.2 in the 12 months before the date of the issue or agreement to issue that are not issued with the approval of shareholders under Listing Rule 7.1 or 7.4.

(d) Listing Rule 7.1 and Listing Rule 7.1A

The ability of an entity to issue Equity Securities under Listing Rule 7.1A is in addition to the entity's 15% placement capacity under Listing Rule 7.1.

The actual number of Equity Securities that the Company will have capacity to issue under Listing Rule 7.1A will be calculated at the date of issue of the Equity Securities in accordance with the formula prescribed in Listing Rule 7.1A.2 (set out above).

(e) Minimum Issue Price

The issue price of Equity Securities issued under Listing Rule 7.1A must be not less than 75% of the VWAP of Equity Securities in the same class calculated over the 15 Trading Days on which trades were recorded in that class immediately before:

- (i) the date on which the price at which the Equity Securities are to be issued is agreed; or
- (ii) if the Equity Securities are not issued within 5 Trading Days of the date in paragraph (i) above, the date on which the Equity Securities are issued.

(f) 10% Placement Period

Shareholder approval of the 10% Placement Capacity under Listing Rule 7.1A is valid from the date of the annual general meeting at which the approval is obtained and expires on the earlier to occur of:

- (i) the date that is 12 months after the date of the annual general meeting at which the approval is obtained; or
- (ii) the date of the approval by shareholders of a transaction under Listing Rules 11.1.2 (a significant change to the nature or scale of activities) or 11.2 (disposal of main undertaking) ("10% Placement Period").

6.2 Listing Rule 7.1A

The effect of this Resolution will be to allow the Directors to issue Equity Securities under Listing Rule 7.1A during the 10% Placement Period. Resolution 8 is a special resolution and therefore requires approval of 75% of the votes cast by Shareholders present and eligible to vote (in person, by proxy, by attorney or, in the case of a corporate Shareholder, by a corporate representative).

6.3 Specific information required by Listing Rule 7.3A

Pursuant to and in accordance with Listing Rule 7.3A, information is provided in relation to the approval of the 10% Placement Capacity as follows:

- (a) The Equity Securities will be issued at an issue price of not less than 75% of the VWAP of the Company's Equity Securities in the same class calculated over the 15 Trading Days on which trades were recorded in that class immediately before:
 - (i) the date on which the price at which the Equity Securities are to be issued is agreed; or
 - (ii) if the Equity Securities are not issued within 5 Trading Days of the date in paragraph (i) above, the date on which the Equity Securities are issued.
- (b) If Resolution 8 is approved by Shareholders and the Company issues Equity Securities under the 10% Placement Capacity, the existing Shareholders' voting power in the Company will be diluted as shown in the below table. There is a risk that:
 - (i) the market price for the Company's Equity Securities may be significantly lower on the date of the issue of the Equity Securities than on the date of the Annual General Meeting; and
 - (ii) the Equity Securities may be issued at a price that is at a discount to the market price for the Company's Equity Securities on the issue date or the Equity Securities are issued as part of the consideration for the acquisition of a new asset; which may have an effect on the amount of funds raised by the issue of the Equity Securities.

The below table shows the dilution of existing Shareholders on the basis of the current market price of Shares and the number of Shares currently on issue (Variable 'A') calculated in accordance with the formula in Listing Rule 7.1A(2) as at the date of this Notice. The formula in Listing Rule 7.1A(2) is outlined above.

The table also shows:

- (i) Two examples where Variable 'A' has increased, by 50% and 100%. Variable 'A' may increase as a result of issues of securities that do not require Shareholder approval (for example, a pro rata entitlements issue or scrip issued under a takeover offer) or future specific placements under Listing Rule 7.1 that are approved at a future Shareholders' meeting; and
- (ii) Two examples of where the issue price of Shares has decreased by 50% and increased by 50% as against the current market price.

Variable 'A' in Listing Rule 7.1A2		Dilution		
		\$0.0185 50% decrease in Issue Price	\$0.037 Issue Price	\$0.0555 50% increase in Issue Price
Current Variable A 425,398,600 Shares	10% Voting Dilution	42,539,860	42,539,860	42,539,860
	Funds Raised	\$786,987.41	\$1,573,974.82	\$2,360,962.23
50% increase in current Variable A 638,097,900 Shares	10% Voting Dilution	63,809,790	63,809,790	63,809,790
	Funds Raised	\$1,180,481.12	\$2,360,962.23	\$3,541,443.34
100% increase in current Variable A 850,797,200 Shares	10% Voting Dilution	85,079,720	85,079,720	85,079,720
	Funds Raised	\$1,573,974.82	\$3,147,949.64	\$4,721,924.46

The table has been prepared on the following assumptions:

- (i) There are currently 425,398,600 existing Shares on issue as at the date of this Notice of Meeting. This does not include the 2,473,158 Shares which will be issued if Resolutions 3 to 7 are passed at this Meeting.
 - (ii) The issue price set out above is \$0.037, being the closing price of the Shares on the ASX on 23 September 2016.
 - (iii) The Company issues the maximum number of Equity Securities available under the 10% Placement Capacity.
 - (iv) The Company has not issued any Equity Securities in the 12 months prior to the Meeting that were not issued under an exception in ASX Listing Rule 7.2 or with approval under ASX Listing Rule 7.1.
 - (v) No Options are exercised into Shares before the date of the issue of Equity Securities.
 - (vi) The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. This is why the voting dilution is shown in each example as 10%.
 - (vii) The table does not show an example of dilution that may be caused to a particular Shareholder by reason of placements under the 10% Placement Capacity, based on that Shareholder's holding at the date of the Annual General Meeting.
 - (viii) The table shows only the effect of issue of Equity Securities under Listing Rule 7.1A, not under the 15% placement capacity under Listing Rule 7.1.
 - (ix) The issue of Equity Securities under the 10% Placement Capacity consists only of Shares.
 - (x) The table does not show an example of dilution that may be caused to a particular Shareholder by reason of placements under the 10% Placement Capacity, based on that Shareholder's holding at the date of the Meeting.
- (c) Shareholders should note that there is a risk that:
- (i) the market price for the Company's Shares may be significantly lower on the issue date than on the date of the Meeting; and
 - (ii) the Shares may be issued at a price that is at a discount to the market price for those Shares on the date of issue.
- (d) The Company will only issue the Equity Securities during the 10% Placement Period. The approval under Resolution 7 for the issue of the Equity Securities will cease to be valid in the event that Shareholders approve a transaction under Listing Rule 11.1.2 (a significant change to the nature or scale of activities) or Listing Rule 11.2 (disposal of main undertaking).
- (e) The Company may seek to issue the Equity Securities for the following purposes:
- (i) Non-cash consideration for the acquisition of new assets and investments. In such circumstances the Company will provide a valuation of the non-cash consideration as required by Listing Rule 7.1A.3; or

- (ii) Cash consideration to use the funds raised under the 10% Placement Capacity towards supporting existing current assets, reduce existing debt, to fund research and development initiatives, to fund increased production of strategic pearl by-product and perfume ingredients and commercialisation of new consumer products through World Senses Pty Ltd, to fund expansion of the existing pearl auction strategy and/or for general working capital. In addition, the Company may use the cash consideration for the acquisition of new assets and investments.

The Company will comply with the disclosure obligations under Listing Rules 7.1A(4) and 3.10.5A upon issue of any Equity Securities.

- (f) The Company's allocation policy is dependent on the prevailing market conditions at the time of any proposed issue pursuant to the 10% Placement Capacity. The identity of the allottees of Equity Securities will be determined on a case-by-case basis having regard to the factors including but not limited to the following:
- (i) the purpose of the issue;
 - (ii) the methods of raising funds that are available to the Company, including but not limited to, rights issues or other issues in which existing security holders can participate;
 - (iii) the effect of the issue of the Equity Securities on the control of the Company;
 - (iv) the circumstances of the Company, including, but not limited to, the financial situation and solvency of the Company;
 - (v) prevailing market conditions; and
 - (vi) advice from corporate, financial and broking advisors (if applicable).

The allottees under the 10% Placement Capacity have not been determined as at the date of this Notice of Annual General Meeting but may include existing substantial Shareholders and/or new Shareholders who are not Related Parties or Associates of a Related Party of the Company.

- (g) The Company has not previously obtained Shareholder approval under Listing Rule 7.1A at its 2015 annual general meeting.
- (h) Compliance with ASX Listing Rules 7.1A.4 and 3.10.5A
- (i) When the Company issues Equity Securities pursuant to the 10% Placement Capacity, it must give to ASX:
 - (A) a list of the recipients of the Equity Securities and the number of Equity Securities issued to each (not for release to the market), in accordance with Listing Rule 7.1A.4; and
 - (B) the information required by Listing Rule 3.10.5A for release to the market.
 - (i) A voting exclusion statement is included in the Notice of Annual General Meeting. At the date of the Notice of Annual General Meeting, the Company has not approached any particular existing Shareholder or security holder or an identifiable class or existing security holder to participate in an issue of Equity Securities pursuant to the Resolution. No existing Shareholder's votes will therefore be excluded under the voting exclusion in this Notice.

7. GLOSSARY

10% Placement Capacity	has the meaning given in section 6 of the Explanatory Statement.
Annual Report	means the Company's annual report for the year ended 30 June 2016.
Annual General Meeting or Meeting	means the annual general meeting of Shareholders to be held at Atlas Pearls and Perfumes, 47-49 Bay View Terrace, Claremont, WA 6010 at 12.00pm on 31 October 2016.
Associate	has the meaning set out in sections 11 to 17 of the Corporations Act, except that a reference to "Associate" in relation to a Listing Rule has the meaning given to it in Listing Rule 14.11.
ASX	means ASX Limited (ABN 98 008 624 691), or as the context requires, the financial market operated by it.
Atlas or Atlas Pearls and Perfumes	means Atlas Pearls and Perfumes Ltd (ABN 32 009 220 053).
Auditor	means BDO Audit (WA) Pty Ltd.
Board	means the board of Directors of the Company.
Chair or Chairman	means the chair of the Annual General Meeting.
Closely Related Party	of a member of the Key Management Personnel means: <ul style="list-style-type: none">(a) a spouse or child of the member;(b) a child of the member's spouse;(c) a dependant of the member or of the member's spouse;(d) anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealings with the Company; or(e) a company the member controls.
Company	means Atlas Pearls and Perfumes Ltd (ABN 32 009 220 053).
Constitution	means the Company's constitution.
Corporations Act	means the Corporations Act 2001 (Cth).
Director	means a director of the Company.
Eligible Entity	means an entity that, at the date of the relevant general meeting: <ul style="list-style-type: none">a) is not included in the S&P/ASX 300 Index; andb) has a maximum market capitalisation (excluding restricted securities and securities quoted on a deferred settlement basis) of \$300,000,000.
Equity Securities	has the same meaning as in the Listing Rules.
Explanatory Statement	means this explanatory statement attached to the Notice of Annual General Meeting.
Key Management Personnel	has the same meaning as in Australian accounting standards. Broadly speaking this includes those persons with the authority and responsibility for planning, directing and controlling the activities of the Company (whether directly or indirectly), and includes any Directors.
Listing Rules	means the listing rules of the ASX.

Notice or Notice of Annual General Meeting	means the notice of Annual General Meeting accompanying this Explanatory Statement.
Option	means an option to acquire a Share.
Optionholder	means a holder of an Option.
Ordinary Securities	has the meaning set out in the ASX Listing Rules.
Proxy Form	means the proxy form enclosed with the Notice of Annual General Meeting.
Register of Shareholders	means the register of Shareholders of the Company.
Related Party	means a party so defined by section 228 of the Corporations Act.
Remuneration Report	means the remuneration report as contained in the Annual Report.
Resolution	means a resolution proposed to be passed at the Annual General Meeting and contained in the Notice of Annual General Meeting.
Section	means a section of the Explanatory Statement.
Share	means a fully paid ordinary share in the capital of the Company.
Shareholder	means a person, corporation or body holding a Share on the register of shareholders.
Variable A	means "A" as set out in the calculation in section 6.1(b) of the Explanatory Statement.
VWAP	means the volume weighted average price.
Trading Day	means a day on which the ASX is open for trading.
WST	means Western Standard Time as observed in Perth, Western Australia.

ATLAS PEARLS AND PERFUMES LTD
 ABN 32 009 220 053
PROXY FORM - ANNUAL GENERAL MEETING

Name: _____

Address: _____

SRN / HIN: _____

Appointment of Proxy

I/We being a member/s of Atlas Pearls and Perfumes Ltd and entitled to attend and vote hereby appoint

the Chairman of
the Meeting
(mark with an
'X')

OR

PLEASE NOTE: Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the person so named or, if no person is named, the Chairman of the Annual General Meeting, or the Chairman's nominee, as my/our proxy and to vote in accordance with the following directions, or, if no directions have been given, as the proxy sees fit, at the Annual General Meeting to be held at 12.00pm (WST) on 31 October 2016 at Atlas Pearls and Perfumes, 47-49 Bay View Terrace, Claremont, Western Australia and at any postponement or adjournment thereof.

The Chairman of the Meeting intends to vote undirected proxies **in favour** of each of the items of business.

I/We acknowledge that Resolutions 1, 3, 4, 5 and 6 relate to the remuneration of Key Management Personnel, and that the Chairman intends to vote any undirected proxies in favour of these Resolutions. I/We expressly authorise the Chairman to exercise my/our proxy even though Resolutions 1, 3, 4, 5 and 6 are connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

Voting directions to your proxy – please mark to indicate your directions

	FOR	AGAINST	ABSTAIN*
Resolution 1 – Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2 – Re-election of Director – Geoffrey Newman	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3 – Approval of Issue of Shares in Lieu of Outstanding Director's Fees to Geoffrey Newman (or his nominee)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4 – Approval of Issue of Shares in Lieu of Outstanding Director's Fees to Timothy Martin (or his nominee)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5 – Approval of Issue of Shares in Lieu of Outstanding Director's Fees to Stephen Arrow (or his nominee)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6 – Approval of Issue of Shares in Lieu of Outstanding Director's Fees to Pierre Fallourd (or his nominee)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 7 – Approval of Issue of Shares to Joseph Taylor in Lieu of Outstanding Director's Fees	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 8 – Approval of 10% Placement Capacity	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**If you mark the abstain box for a particular item, you are directing your proxy not to vote on that item.*

Signed this day of 2016

Authorised signature(s) *This section must be signed in accordance with the instructions overleaf to enable your directions to be implemented.*

INDIVIDUAL/SECURITY HOLDER 1
Individual/Sole Director and
Sole Company Secretary

SECURITY HOLDER 2
Director

SECURITY HOLDER 3
Director/Company Secretary

Contact Details

Contact Email address

Contact Telephone Number

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For personal use only

Instructions for completing Proxy Form

1. **(Appointing a proxy):** A Shareholder entitled to attend and cast a vote at the Meeting is entitled to appoint a proxy to attend and vote on their behalf at the Meeting. If a Shareholder is entitled to cast 2 or more votes at the Meeting, the Shareholder may appoint a second proxy to attend and vote on their behalf at the Meeting. However, where both proxies attend the Meeting, voting may only be exercised on a poll. The appointment of a second proxy must be done on a separate copy of the Proxy Form. A Shareholder who appoints 2 proxies may specify the proportion or number of votes each proxy is appointed to exercise. If a Shareholder appoints 2 proxies and the appointments do not specify the proportion or number of the Shareholder's votes each proxy is appointed to exercise, each proxy may exercise one-half of the votes. Any fractions of votes resulting from the application of these principles will be disregarded. A duly appointed proxy need not be a Shareholder.
2. **(Direction to vote):** A Shareholder may direct a proxy how to vote by marking one of the boxes opposite each item of business. The direction may specify the proportion or number of votes that the proxy may exercise by writing the percentage or number of Shares next to the box marked for the relevant item of business. Where a box is not marked the proxy may vote as they choose subject to the relevant laws. Where more than one box is marked on an item the vote will be invalid on that item.
3. **(Signing instructions):**
 - **(Individual):** Where the holding is in one name, the Shareholder must sign.
 - **(Joint holding):** Where the holding is in more than one name, all of the Shareholders should sign.
 - **(Power of attorney):** If you have not already provided the power of attorney with the registry, please attach a certified photocopy of the power of attorney to this Proxy Form when you return it.
 - **(Companies):** Where the company has a sole director who is also the sole company secretary, that person must sign. Where the company (pursuant to Section 204A of the Corporations Act) does not have a company secretary, a sole director can also sign alone. Otherwise, a director jointly with either another director or a company secretary must sign. Please sign in the appropriate place to indicate the office held. In addition, if a representative of a company is appointed pursuant to Section 250D of the Corporations Act to attend the Meeting, the documentation evidencing such appointment should be produced prior to admission to the Meeting. A form of a certificate evidencing the appointment may be obtained from the Company.
4. **(Attending the Meeting):** Completion of a Proxy Form will not prevent individual Shareholders from attending the Meeting in person if they wish. Where a Shareholder completes and lodges a valid Proxy Form and attends the Meeting in person, then the proxy's authority to speak and vote for that Shareholder is suspended while the Shareholder is present at the Meeting.
5. **(Return of Proxy Form):** To vote by proxy, please complete and sign the enclosed Proxy Form and return by:
 - (a) deliver to the Company at 47 - 49 Bayview Terrace, Claremont, WA 6010; or
 - (b) post to Atlas Pearls And Perfumes Ltd, PO Box 1048, Claremont, WA 6910; or
 - (c) facsimile to the Company on facsimile number +61 8 9284 3031; or
 - (d) email to the Company at atlas@atlaspearlsandperfumes.com.au.

so that it is received not less than 48 hours prior to commencement of the Meeting.

Proxy Forms received later than this time will be invalid.

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