

ATLAS

PEARLS AND PERFUMES

30 January 2017

Atlas Secures New Debt Facility

Atlas Pearls and Perfumes Ltd (ASX:ATP) ("Atlas" or "the Company") is pleased to advise the market that the Company has successfully secured a \$1.5M AUD financing package with a related party, Mr Tim Martin and the Martin Family. Mr Tim Martin is a Director of the Company.

The loan will be over a 3 year period at a 7.5% interest rate, with staged repayments beginning from February 2018. The Board has accepted the offer of this facility after investing significant time and effort in seeking a solution to the Company's capital needs, and is confident the agreement represents the best available outcome for shareholders.

The Company will shortly call an extraordinary general meeting and seek shareholder approval for a General Security Deed that is a condition subsequent to this facility. It is intended the General Security Deed will rank second behind the existing interest held by the Commonwealth Bank of Australia (CBA).

The objective of the loan is to enable the Company to proceed with capital infrastructure investments at the Company's pearling sites designed to substantially increase capacity to operate and maintain seeded oyster stock.

"The past 2 years have been about laying out a solid base for the Company to grow on the back of focused quality reforms in hatchery, seeding and shell management. We have achieved a lot, and while our focus on continuous improvement remains unrelenting, the Board believes that the time is now right for the business to evolve" said Pierre Fallourd, Managing Director. "By making this investment now we can effectively leverage our pearling expertise and existing operating cost base to increase capacity, creating significant economies of scale. Over time this will reduce our cost per shell and provide greater product volumes to fulfil the underlying demand for Atlas pearls"

"As discussed in the 2015/16 ATP Annual Report, over the last 6 months the Board has sought ways to make the most of the opportunities ahead of us, while protecting existing shareholders against an event dilutive to their existing investment. Our commitment to the CBA represents a drain on our operating cashflows, and if we are to proceed with a growth strategy in 2017, an external source of funding was required. I am delighted that the Martin Family has again elected to back the vision for the Company, and they have the grateful thanks of the Board and management of Atlas for their ongoing support" said Geoff Newman, Chairman.

CBA Debt Update

Atlas has reduced its core debt to the Commonwealth Bank of Australia this financial year to \$3.5M as at the date of this announcement. The Company remains on track to complete the repayment of this debt in full, from operational cashflows, by 30 June 2017.

This new loan facility enables the Company to undertake a strategically important investment in its future without effecting its commitment to clearing the CBA debt this financial year.

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Shareholder Alert

All current Atlas shareholders are entitled to special discounts in all Atlas retail outlets. To celebrate the Year of the Fire Rooster, the Company has upgraded these privileges for a limited time.

Please visit in store, or our website at www.atlaspearlsandperfumes.com.au to see the current offers.

Shareholders are required to present a correct, current SRN or HIN number to access discounts of up to 50% on select merchandise.

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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