

ATLAS

PEARLS

ASX Release
2 April 2020

Atlas Pearls: Managing COVID-19

Atlas Pearls Ltd (ASX: ATP) ("Atlas" or "the Company") today announces an update relating to the impact of COVID-19 on the Company.

Sales and Logistics

The COVID-19 virus is having implications on businesses across the globe and these unprecedented times are also impacting on the management of Atlas's operations and arrangements for selling the Company's finished products. The Board has moved quickly to address the current situation, with details outlined below.

Ahead of government directives in both Australia and Indonesia, the Company introduced remote working (to the greatest extent technology permits) and has Indonesian administrative staff working split rosters for activities such as grading where office attendance is unavoidable.

Regional travel restrictions are affecting the movement of people and materials between sites but, so far, have not directly impacted operations.

The secure movement of finished products for sales events has been made difficult by frequent changes in flight schedules resulting in the cancellation of some sales events scheduled for Hong Kong and Kobe. Whilst the traditional "large hall" auction route with multiple participants attending is for the time being not possible, the Company has responded by rescheduling and restructuring the sales event to a "restricted attendance" form of private sale / auction event in Kobe on April 7-8th.

Cost Saving Measures

To accommodate lower expected sales in the June 2020 quarter, the Company has:

1. Taken immediate action to reduce the number of permanent staff in the Perth office.
2. Reduced the remuneration of the Executive Chairman, the Board, Australian office staff and Indonesian ex-pats by 20% for the period April 1st to June 30th.
3. Reduced the planned harvest for the rest of 2019/20 by 70,000 pearls.
4. Commenced a review of Indonesian operations to achieve savings commensurate with the 20% reduction in salary costs.

Ongoing Funding of Operations

The Company has previously advised that a repayment of \$750,000 due to Boneyard Investments Pty Ltd (ACN 161 625 734), its principal lender, on March 6th, 2020 was deferred until April 6th. Atlas is currently negotiating a new repayment schedule for its total debt of \$2.5m due to Boneyard Investments Pty Ltd to align repayments with its expected ability to pay. An announcement concerning this matter will be made when this process is completed.

This ASX announcement was approved for release by the Board of Atlas Pearls Ltd.

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ABOUT ATLAS PEARLS LTD

Atlas Pearls Ltd (ASX: ATP) is an Australian listed pearling business with core operations in Indonesia established in 1992. Atlas has earned an enviable reputation as a world leading pearl producer of “the queen of all gems”, the South Sea pearl, specialising in high quality white and silver pearls. Atlas operates pearl farms spread across the Indonesian archipelago, including Bali, Flores, and West Papua. Atlas is a fully integrated business including hatchery, seeding, harvesting, grading, trading, design and manufacturing capabilities to sell directly to customers through wholesale partners and via its retail outlets.

The Company is also involved in the production and transformation of essential oils as well as other plant grown active ingredients extraction and value adding via its Tasmanian based 50% owned subsidiary Essential Oils of Tasmania (EOT).

Atlas has been involved since its inception in managing active community relationships in Indonesia in the areas of environment protection, education and alternative livelihood programs.