

Pearl completes conditions precedent for \$5 million placement agreement

- **Option to secure I.P. which underpins Pearl's business**
- **Agreement signed for the acquisition of Australian Tyre Processors Pty Ltd**
- **24-month voluntary escrow agreements signed for 30,666,068 ordinary shares in the Company by key senior management**

On 13th March 2019 Pearl Global Limited (ASX:PG1) (**Pearl** or **the Company**) announced it had signed a placement agreement (**Agreement**) with ROC Asset Management Pty Ltd (**ROC**) pursuant to which ROC or its nominated entity (**Investor**) has agreed, subject to the satisfaction of certain conditions precedent (see below for further details), to subscribe for \$5 million of fully paid ordinary shares in Pearl (**Shares**) at \$0.127 per Share together with one free attaching unlisted option to acquire one Share on exercise of each option (**Options**) for every two Shares subscribed for by the Investor (**Placement**). The attaching Options will be exercisable at \$0.24 each, expiring 12 months from the date of completion of the Placement.

Key conditions precedent to the Investor's participation in the Placement

Under the Agreement, Pearl has satisfied its key conditions precedent being;

- securing the intellectual property transfer to Pearl (through a share swap) through the Pearl Call Option described in the Company's recent announcement of 13th March 2019. The entry into the Pearl Call Option will be subject to receipt of shareholder approvals under the ASX Listing Rules and the Corporations Act;
- voluntary escrow arrangements for 24 months with associated entities of Gary Foster (Chairman), Andrew Drennan (Managing Director) and Bert Huys (Chief Technical Officer) for 90% of their holdings in Pearl.
- Pearl completing its acquisition of Australian Tyre Processors Pty Ltd, a tyre recycling company that collects and shreds waste tyres (as announced on 20th February 2019).

Certain shareholder approvals will be required for resolutions pertaining to the placement. During the period since signing the Placement Agreement (13 March 2019) the Company has satisfied due diligence investigations. The Investor is still required to obtain final investment committee approval in respect of its investment in Pearl, once shareholder approval is received.

Pearl completes Agreement for the acquisition of Australian Tyre Processors Pty Ltd (ATP)

ATP is a waste tyre collection and recycling company that has been supplying its feedstock (shredded tyres) to Pearl for its operations. ATP's model is to source and collect used tyres (typically 4WD/earthmover/mining) from new tyre retailers and industrial operators that are required to dispose of their used tyres. ATP charges a fee per ton to the customer for this "disposal service." ATP then shreds tyres to Pearl's exact specifications and delivers this feedstock to Pearl's process facility in Stapylton QLD. ATP is then charged by Pearl, \$75 per ton as a gate fee for this "disposal".

The Company's acquisition of ATP will ensure Pearl secures its feedstock supply whilst increasing the financial opportunity in sourcing the feedstock.

The consideration will be:

- (a) \$300,000 to be paid in cash on settlement being 1 July 2019;
- (b) 1,500,000 ordinary shares in Pearl to be issued to ATP on settlement;
- (c) Subject to satisfaction of certain conditions subsequent associated with ensuring ATP provides a minimum and maximum volume of suitable feedstock supply (up to 1,250 tonnes per month) between 1 July – 27 September 2019, \$150,000 will be paid in cash on 1 October 2019 (**Milestone Payment 1**); and
- (d) Subject to satisfaction of certain conditions subsequent associated with ensuring ATP provides a minimum and maximum volume of suitable feedstock supply (up to 1,250 tonnes per month) between 1 October – 31 December 2019, \$150,000 in cash will be paid on 1 January 2020 (**Milestone Payment 2**).

Pearl Call Option

Pearl has agreed the terms of a call option agreement between Pearl and all of the shareholders in Keshi Technologies Pty Ltd (**Keshi**) (being the owner of the intellectual property (**IP**) in respect of which Pearl currently holds the perpetual exclusive worldwide rights to use and exploit and which underpins Pearl's operations) pursuant to which such shareholders agree to sell their shares in Keshi in exchange for Shares (**Pearl Call Option**), exercisable (subject to receipt of required Pearl shareholder approvals under the ASX Listing Rules and the *Corporations Act 2001* (Cth)) at any time within 24 months after completion of the Placement for a value of \$11.25 million, with such consideration to be paid by way of Pearl issuing Shares at an issue price equal to the greater of:

- (a) 80% of VWAP for the Shares as traded on the ASX calculated over the last 5 trading days prior to the date of issue of the Shares, and
- (b) 75% of the VWAP for the Shares as traded on the ASX calculated over the last 15 trading days prior to the date of issue of the Shares.

The entry into the Pearl Call Option is subject to receipt of required shareholder approvals under the ASX Listing Rules and the Corporations Act, which will be sought at the meeting of shareholders.

The Company shall continue to keep the market updated of its progress and the timing for the proposed shareholder meeting.

About Pearl Global Limited

Pearl Global Limited (Pearl) (ASX:PG1) is a revolutionary tyre processing company that applies unique, next-generation thermal desorption technology to cleanly convert tyres into valuable secondary products. Pearl has Australia's first and only environmental approvals for the thermal treatment of rubber, and is in the process of commissioning its first commercial scale production plant in Stapylton, Queensland.

Pearl's technology is a significant advancement on other methods of processing waste tyres because it has low emissions, no hazardous by-products, requires no chemical intervention and is the only process that meets the standard emissions criteria set by the Australian regulators for this type of technology.

Tyres are not naturally degradable, with tyre fires¹ and pollution² becoming major causes for concern, Governments are increasingly seeking solutions for dealing with waste tyres, and Pearl's technology provides a clean solution to this global problem.

Further information, please contact:

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¹ Tyre fires a major hazard [ABC News 28 June 2017 re Tyre Fire Rocklea](#)

² A global pollution problem [Report on tyre recycling and California smog problem](#)