

Capital raising to fund acquisition of Australian Tyre Processors Pty Ltd and working capital

- Pearl to exercise option to acquire Australian Tyre Processors Pty Ltd to secure supply lines and increase revenues.
- \$1.63 million to be raised via Private Placement at \$0.150 per share with participation by Pearl board of directors and management.
- Eligible Pearl shareholders to participate in Pearl's Share Purchase Plan - pricing terms as per Private Placement
- Streamlining operations and driving towards increased volumes and revenues

Pearl Global Limited (ASX:PG1) (**Pearl**) provides the following market update to shareholders.

1. All Material Terms agreed for purchase of Australian Tyre Processors Pty Ltd

On 16 May 2018, Pearl announced it had entered into a Supply Agreement with Australian Tyre Processors Pty Ltd (**ATP**), to take and recycle ATP's supply of used tyres shredded to Pearl's required size and for which Pearl receives a minimum gate fee of \$75 per tonne from ATP. ATP sources, collects and shreds used tyres from customers such as shire councils, mining services providers, freight and transportation service providers and tyre services providers.

The Supply Agreement also provided Pearl with the option to acquire ATP's business with the strategy of ensuring greater control over Pearl's supply chain and realising increased revenues from the tyre collection and shredding business. The combination of Pearl's unique technology to earn revenue from reclaiming value from waste tyres through its thermal process and the ability to earn revenues from tyre collection has always been a key part of Pearl's larger strategy and business model.

Pearl secured all material terms with ATP for the acquisition of its business and Pearl now has 30 days to complete its due diligence.

Significant competitive advantage over traditional waste tyre collection companies

Should the acquisition of ATP be completed, Pearl will be competitively placed over traditional waste tyre collection businesses that typically are required to export their shredded tyres. This adds costs and increases risks for traditional tyre collection businesses.

Chairman, Mr Gary Foster stated, "we see this as an opportune time to acquire ATP as we increase our volumes of used tyre supply. With this acquisition we expect to increase revenues and secure tyre supply."

Agreed material terms of the acquisition are set out below:

- Pearl has 30 days to complete its due diligence to its satisfaction in respect of ATP and its business;
- Pearl acquires ATP's business on completion free and clear from all encumbrances with the exception of the shredding machine for which Pearl shall assume the lease obligations. Pearl will have the right to retain all income generated from ATP's business from day 1 of completion;
- Pearl will pay consideration of \$600,000 cash (payable within 120 days of completion) and 1.5 million ordinary shares in Pearl on completion; and
- Mr. Michael Carroll, current Managing Director of ATP, will take up the role as Queensland Operations Manager at Pearl to assist with integrating ATP with Pearl and managing the waste tyre collection arm of Pearl's business going forward.

2. Private Placement

In order to fund the ATP acquisition and ongoing expansion and commercialisation, Pearl has received firm commitments to raise approximately \$1.63 million via a Private Placement, offered to sophisticated and professional investors through the issue of approximately 10,866,660 fully paid ordinary shares in Pearl (**Placement Shares**). Participants of the Private Placement will also be issued one free attaching unlisted option to subscribe for an ordinary share in Pearl for every two Placement Shares issued under the Private Placement, exercisable at \$0.230 and expiring 12 months from the date of issue.

In addition, a director and management of Pearl have committed to subscribing for 1,533,333 Placement Shares (raising \$230,000 in total), subject to shareholder approval where required, to be sought at a general meeting of Pearl to be held at the earliest convenient time.

As part of the above amount, Chairman Mr Gary Foster, has requested to participate in the Private Placement, which requires shareholder approval, to subscribe for a total of \$100,000 worth of Placement Shares on the same terms as the Private Placement. Mr Foster has agreed to advance the funds as an unsecured loan until shareholder approval is received for the issue of the Placement Shares.

If shareholder approval is not received the loan is repayable within 12 months of the meeting, subject to Pearl having sufficient funding.

All Placement Shares will be issued at a price of \$0.150 each, which represents a:

- 11.8% discount to the last closing price of \$0.170 on 15 February 2019;
- 14.3% discount to the 15-trading day Volume Weighted Average Price (**VWAP**) up to and including 15 February 2019 of \$0.175; and
- 13.7% discount to the 30-trading day VWAP up to and including 15 February 2019 of \$0.174.

Shares and options will be issued without prior shareholder approval using Pearl's existing placement capacity under ASX Listing Rules 7.1 (approximately 200,000 shares and 5,100,000 options) and 7.1A (approximately 10,000,000 shares).

Pearl will pay a capital raising fee of no more than 6% on the amount raised by brokers to the issue.

3. Share Purchase Plan

Pearl is providing eligible shareholders the opportunity to participate in a share purchase plan to subscribe for additional shares in Pearl to raise approximately \$1.0 million on the same pricing terms as that offered under the Private Placement (**SPP**). The board of directors reserve the right to withdraw, scale back and/or close the SPP early, as well as accept any oversubscriptions.

Under the SPP, eligible shareholders have the opportunity to purchase up to \$15,000 worth of fully paid ordinary shares in Pearl at an issue price of \$0.150 per share (**SPP Shares**), irrespective of the size of their shareholding. Participants of the SPP will also be issued one free attaching unlisted option to subscribe for an ordinary share in Pearl for every two SPP Shares issued under the SPP, exercisable at \$0.230 and expiring on the same date as the options issued under the Private Placement.

The SPP will be available to shareholders on a first come first served basis in the event of oversubscription and any scale back at the discretion of the board of directors.

Participation in the SPP is optional and is available to eligible shareholders who are registered as holders of shares in Pearl at 5.00 (AEST) on Tuesday, 19 February 2019 (**Record Date**).

Further details of the SPP, including key dates will be set out in a separate SPP offer document, which will be despatched to eligible shareholders in due course.

4. Use of funds

Funds raised from the Private Placement and SPP will be primarily used for the acquisition and integration of the ATP business (subject to satisfactory due diligence), additional infrastructure at the Stapylton site, costs of the issue and general working capital.

5. Streamlining of operations and increasing volumes and revenues

Pearl's Stapylton facility continues to build on its operating performance. The securing of feedstock and the expected increased revenue from the acquisition of ATP, will benefit Pearl in driving its business plan and commercialisation strategy expeditiously.

Pearl will continue to keep the market updated on its activities.

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](#)