

## Operations Review for September 2018 Quarter

### Highlights during the Quarter

- **Capricorn Society Ltd increases investment**
- **First commercial fuel offtake sale**
- **Mr Michael Barrett appointed to the Board as a Non-Executive Director**

Pearl Global Limited (Pearl) (ASX:PG1), a revolutionary tyre processing company that is advancing rapidly towards commercial scale production, provides the market a review of activities for the September 2018 quarter.

Over the last quarter, Pearl has focused on advancing its operations to commercialisation and refining its final materials handling processes to move to 24/7 production which has included the following activities:

- Installation/commissioning of a pre-separation cooling system to allow for greater product throughput;
- Installation/commissioning of enhanced carbon/steel separation unit for increased product throughput;
- Working with its shredded tyre supplier(s) to decrease size of rubber chip to allow for increased product throughput;
- Design improvement relating to operational safety and sustainability, including improved automation through the Process Logic Control software; and
- Completed its quarterly emissions testing program which confirmed the Pearl process is well within its operating emissions limits.

### **Capricorn Society Ltd Increases Investment**

In early July 2018 Capricorn Society Ltd, Australia's largest automotive co-operative, committed to increase their strategic holding in Pearl to 6% with a further investment of A\$1.75 million at 23 cents per share.

The purpose of Capricorn's strategic investment is to continue the commercial development of Pearl Global's industrial degreaser following the success of workshop field trials. The degreasers are manufactured from solvents refined from the raw oils being reclaimed from its unique tyre process.

### **First Commercial Fuel Offtake Sales**

Pearl successfully completed its first commercial fuel offtake agreement. This sale agreement was a milestone for Pearl and was completed through its fuel oil broker Topmark Petroleum Products Sdn Bhd where 60 metric tonnes (MT) were sold at a gross price of A\$405/MT. Payment from the sale will be received on final delivery expected by the end of the December 2018 quarter.

### ***Appointment of Mr Michael Barrett***

Mr Michael Barrett was appointed as an independent Non-executive Director of Pearl on 6 August 2018. Mr Barrett was previously Chief Financial Officer for Rio Tinto's US energy business where he was instrumental in leading Rio Tinto's divestment and IPO as Cloud Peak Energy on the New York Stock Exchange.

Returning to Perth in 2015, Mr Barrett spent two years as National Lead Partner for Deloitte's Risk Advisory Energy and Resources practice where he specialised in corporate governance, board advisory and risk management.

More recently and prior to joining the board, Mr Barrett had been engaged as a consultant to Pearl and through this he has gained an understanding of the many facets of the business including operational plans and the scope of third-party interest in seeing Pearl's technology rolled out both locally and internationally. Mr Barrett was critical in helping Pearl move to 24/7 operations.

### **Current Quarter**

#### ***Favourable Commercial Markets***

Further to announcing that it had completed its first commercial fuel offtake agreement (ASX announcement 4 July 2018) and that it had secured a A\$75 per ton gate fee for shredded rubber received (ASX announcement 16th May 2018), Pearl has reached agreement to sell its rubber free steel to a domestic market recycler for A\$280 per tonne (ex GST). Pearl has also established markets for its steel products overseas.

#### ***Carbon Char***

It has been confirmed that Pearl's carbon char product is an acceptable replacement/supplement to coal or other alternative fuels processors for energy production. The confirmation of available markets for the carbon char has allowed the Company to purchase off the shelf pelletising equipment designed to provide its targeted customers with an acceptable product for handling which is similar in look and feel to coal, but with a higher quality.

Whilst no sales have been made as of yet (product needs pelletisation), pricing is expected to be benchmarked in line with its energy output, which is higher than coal.

#### ***24/7 Operations***

In October, Pearl has successfully completed final adjustments to its materials handling design. The Stapylton site has run a program of continuous 24 hour operation over a 7 day period. Final verification of the process is underway prior to committing to scaling up the operations permanently.

#### ***R&D Tax Incentive***

In October, Pearl received its R&D tax incentive refund of \$722,350 for the financial year ended 30 June 2018. The R&D tax incentive is an Australian Government program under which companies receive cash refunds for a proportion of eligible expenditure on research and development.

Pearl Global Chairman Mr Gary Foster said that *“This quarter has been focused on getting our final materials handling processes right. Our first site at Stapylton is the showcase unit that we will market to the world, so we need to be meticulous in our approach. We will only create significant shareholder value if we have this first operation right and therefore we are ensuring a thorough approach. We have available commercial markets for our first line products and we are receiving a gate fee of A\$75 per ton before we start producing our derivative products. This, combined with Pearl expanding its labour force for 24/7 operations, gives us confidence that Pearl will be moving full steam ahead towards its goal of achieving profitability at its showcase site in Stapylton, Queensland.”*

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

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### **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 fires<sup>1</sup> and pollution<sup>2</sup> becoming major causes for concern. Governments are increasingly seeking solutions for dealing with the waste, and Pearl’s technology provides a clean solution to this global problem.*

### **Further information, please contact:**

**Investors** – Cameron Low, Cadmon Advisory, +613 9225 5474, [cameron@cadmon.com.au](mailto:cameron@cadmon.com.au)

**Media** – [info@pearl-global.com.au](mailto:info@pearl-global.com.au)

**Website** – <https://www.pearl-global.com.au>

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

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