

Quarterly Review and 4C

Highlights

- Continued successful ramp-up with 100% growth in receipts from customers and 355 tonnes of tyres processed compared to 118 tonnes in the previous quarter
- Achieved commercial sales of all key products, (fuels, steel and char) with further sales agreements and opportunities in place
- Secured placement agreement for \$5 million from strategic cornerstone investor
- Acquired Australian Tyre Processors to secure feedstock supply and increase revenues
- Entered call option to acquire intellectual property which underpins Pearl's business, subject to shareholder approval
- Closed private placement raising \$1.53 million from sophisticated and professional investors
- Subsequent to quarter end, closed share purchase plan, raising a further \$403,000

Pearl Global Limited (**Pearl**) (ASX:PG1) provides the following quarterly review of activities to shareholders.

Summary of quarterly activities and comments on 4C

During the March 2019 Quarter, Pearl continued the successful ramp-up of its operations at Stapylton. Tyres processed totaled 355 tonnes, compared to 118 tonnes in the previous quarter. Tyre processing revenue and sales of the products resulted in a doubling of receipts from customers.

\$5 million cornerstone investment

Pearl entered into a placement agreement with ROC Asset Management Pty Ltd (**ROC**) pursuant to which ROC or its nominated entity (**Investor**) agreed to, subject to the satisfaction of certain conditions precedent, subscribe for \$5 million worth of fully paid ordinary shares in Pearl (**Shares**) at 12.7 cents per Share, together with one free attaching unlisted option for every two Shares subscribed for by the Investor (**Placement**) (ASX announcement 13 March 2019).

Pearl's key conditions precedent to the Placement agreement have now been satisfied by Pearl with the Placement to be approved by Pearl shareholders and ROC's investment committee (announcement 15 April 2019).

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

ATP is a waste tyre collection and recycling company that has been supplying Pearl's feedstock (shredded tyres) 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 its disposal services. ATP then shreds tyres to Pearl's exact specifications and delivers this feedstock to Pearl's processing facility in Stapylton for a minimum gate fee of \$75 per ton paid to Pearl.

Pearl has signed an agreement for the acquisition of ATP with settlement due 1 July 2019 (announcement 15 April 2019). The acquisition will ensure Pearl secures its feedstock supply whilst increasing the financial opportunity in sourcing the feedstock.

Pearl Call Option over Intellectual Property

Pearl has agreed the terms of a call option agreement between Pearl and each individual shareholder of 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). Under the Pearl Call Option, Keshi shareholders agree to sell their shares to Pearl in exchange for Shares in Pearl (**Pearl Call Option**) exercisable 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;
- (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; and
- (c) \$0.10.

The entry into the Pearl Call Option is subject to receipt of required shareholder approvals under the ASX Listing Rules and the Corporations Act 2001 (Cth).

Pearl shall continue to keep the market updated of its progress and the timing for the proposed general meeting to approve the Placement and the Pearl Call Option.

Capital Raising Update

On 28 February 2019, Pearl announced that it had completed the issue of 10,199,997 Shares at a price of \$0.150 per share with 5,100,007 free attaching unlisted options (**Private Placement**) to raise \$1,530,000 to sophisticated and professional investors. Chairman, Mr. Gary Foster has also requested to participate in the Private Placement and subscribe for \$100,000 worth of Shares on the same terms as the Private Placement subject to shareholder approval.

Pearl also announced during the quarter that it would offer eligible shareholders the opportunity to participate in a Share Purchase Plan (SPP) to raise up to \$1,000,000, on the same terms as the Private Placement. The SPP closed on 18 April 2019 raising \$403,000 from existing shareholders, with the shortfall to be placed to sophisticated and professional investors.

Please find below Appendix 4C quarterly cash flow report for the period ended 31 March 2019.

Further information, please contact:

Company – Gary Foster, Pearl Global, gf@pearlglobal.com.au

Investors – Gernot Abl, Cadmon Advisory, gernot@cadmon.com.au

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Appendix 4C

Quarterly report for entities subject to Listing Rule 4.7B

Introduced 31/03/00 Amended 30/09/01, 24/10/05, 17/12/10, 01/09/16

Name of entity

PEARL GLOBAL LIMITED (ASX: PG1)

ABN

90 118 710 508

Quarter ended ("current quarter")

31 March 2019

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	38	57
1.2 Payments for		
(a) research and development	(1)	(252)
(b) product manufacturing and operating costs	(385)	(926)
(c) advertising and marketing	-	-
(d) leased assets	(106)	(321)
(e) staff costs/directors salary	(254)	(766)
(f) administration and corporate costs	(335)	(801)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	1	4
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	722
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(1,042)	(2,283)
2. Cash flows from investing activities		
2.1 Payments for acquisition of:		
(a) property, plant and equipment	(290)	(810)
(b) businesses (see item 10)	-	-
(c) investments	-	-

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Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
(d) intellectual property	-	-
(e) other non-current assets	-	-
2.2 Proceeds from disposal of:		
(a) property, plant and equipment	-	-
(b) businesses (see item 10)	-	-
(c) investments	-	-
(d) intellectual property	-	-
(e) other non-current assets	-	-
2.3 Cash flows from loans to other entities	-	-
2.4 Dividends received (see note 3)	-	-
2.5 Other (provide details if material)	-	-
2.6 Net cash from / (used in) investing activities	(290)	(810)

3. Cash flows from financing activities		
3.1 Proceeds from issues of shares	1,530	1,530
3.2 Proceeds from issue of convertible notes	-	-
3.3 Proceeds from exercise of share options	-	-
3.4 Transaction costs related to issues of shares, convertible notes or options	-	-
3.5 Proceeds from borrowings	100	100
3.6 Repayment of borrowings	-	-
3.7 Transaction costs related to loans and borrowings	-	-
3.8 Dividends paid	-	-
3.9 Other (provide details if material)	(26)	(26)
3.10 Net cash from / (used in) financing activities	1,604	1,604

4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of quarter/year to date	872	2,633
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(1,042)	(2,283)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(290)	(810)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	1,604	1,604

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Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of quarter	1,144	1,144

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	1,144	872
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	1,144	872

6. Payments to directors of the entity and their associates

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

**Current quarter
\$A'000**

139

-

Directors salaries and fees

7. Payments to related entities of the entity and their associates

- 7.1 Aggregate amount of payments to these parties included in item 1.2
- 7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

**Current quarter
\$A'000**

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8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	-	-
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)	-	-
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

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9. Estimated cash outflows for next quarter	\$A'000
9.1 Research and development	110
9.2 Product manufacturing and operating costs	290
9.3 Advertising and marketing	-
9.4 Leased assets	110
9.5 Staff costs	290
9.6 Administration and corporate costs	200
9.7 Other (provide details if material)	-
9.8 Total estimated cash outflows	1,000

10. Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)	Acquisitions	Disposals
10.1 Name of entity	N/A	N/A
10.2 Place of incorporation or registration		
10.3 Consideration for acquisition or disposal		
10.4 Total net assets		
10.5 Nature of business		

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Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.



Sign here:

(DIRECTOR)

Date: 30 April 2019

Print name: Gary Foster

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.

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