
QUARTERLY ACTIVITIES REPORT

- **Continued strong operational performance and improvements:**
 - **35% increase in tyres processed**
 - **Over 105,000 tyres cleanly converted into fuel oil, carbon, and steel.**
- **Receipts of \$240,000, an increase of 250%.**
- **Queensland Government Waste to Energy funding and support for Pearl's clean conversion technology, with award of \$250,000 grant from Waste to Biofutures grant program.**
- **Plans to expand operations:**
 - **construct a third Thermal Desorption Unit for installation early 2020;**
 - **expand site to accommodate growth, and co-locate ATP and Pearl at one location; and**
 - **relocate executive team and corporate office to Stapylton, Queensland.**

30 October 2019

Pearl Global Limited (**Pearl or the Company**) (ASX:PG1) provides an operations update and Appendix 4C to shareholders for the quarter ended 30 September 2019.

During the quarter, Pearl:

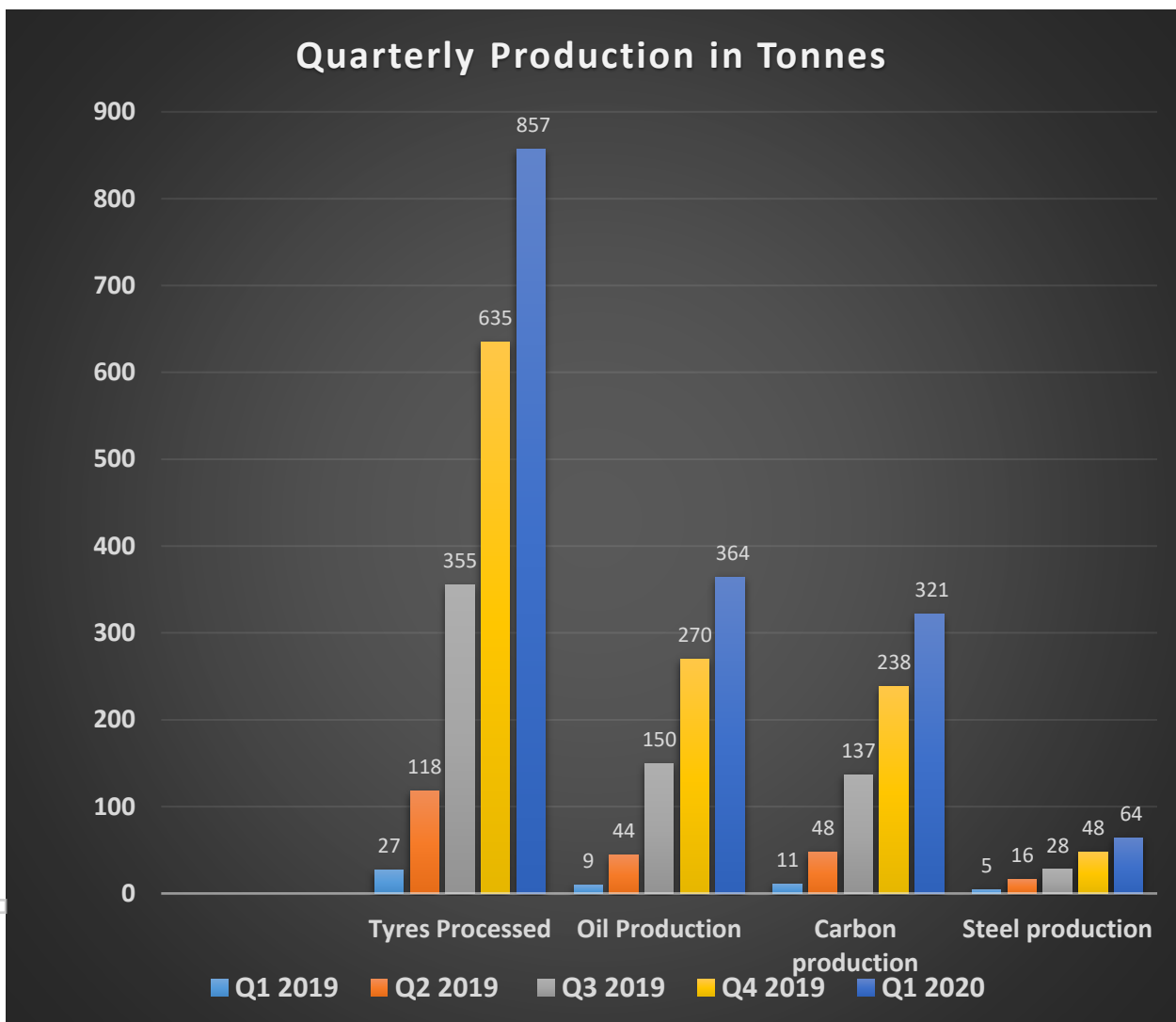
- increased production by 35%;
- increased customer receipts by 250% to \$240,000 from \$69,000 from Q419;
- consolidated the acquisition of Australian Tyre Processors Pty Ltd (ATP);
- won financial assistance from Queensland Governments' waste conversion/diversion programs;
- secured greater leased area to house ATP and Pearl at one location for longer term cost minimisation;
- began preparation for its waste to energy generation infrastructure project.

Production volume growth

The quarter ended 30 September 2019 saw the Company cleanly convert in excess of 105,000 used tyres, increasing throughput to over 857 tonnes of tyres. This is the 5th consecutive quarter of production increases, with further organic gains expected in the December quarter, as we continue to refine and improve processes and throughput consistency.

Mr Andrew Drennan, Managing Director, said that, *“it is pleasing to see production growth continuing to improve in line with our expectations. We remain focussed on safe and steady growth as we improve our operating efficiencies through the training and development of our people and review of our processes.”*

Chart 1 below indicates production throughout and product output volumes.



Increase in customer receipts

Customer receipts grew to \$240,000 (an increase of 250%). As production continues to increase, our sales channel partners have greater confidence in the Company's ability to supply bulk volumes, resulting in increased long-term commitments. Providing consistency of product quality and continuous supply is a key component of the sales process and allows the Company's customers to become more reliant on supply from Pearl.

Acquisition of Australian Tyre Processors Pty Ltd (ATP)

On 24th September 2019 the Company announced the completion of the acquisition of end-of-life tyre collector and shredder, ATP. The acquisition is complimentary to Pearl's business and assists with securing a consistent supply of feedstock and capturing greater financial value from the used tyre reclamation process.



Image 1: Earthmover tyres collected by ATP and being received at Pearls Queensland facility

(Source: Company)

Queensland Government Biofutures Grant for Pearls Waste to energy project

During September, Pearl announced it was the first business to be successful in a grant application from the Queensland Government Waste to Biofutures program. The Company secured a \$250,000 grant to implement stage 1 of its waste to energy plan, which will convert waste gas to power.

Concurrently, the Company continued to make moderate innovation investment to further improve its processes. Chairman Mr Gary Foster said that, "*the investment we make now is to establish our long-term potential and that investment is targeted to increase productivity and cost reduction in the future.*"

Stapylton site facility and expansion

Pearl has recently secured an expansion to its lease area at Stapylton, which compliments growth plans and will provide operational and longer-term cost benefits. The Company will consolidate ATP and Pearl's operations at one facility in Stapylton.

Benefits of the increased area include;

- consolidation of the Company's operations at one facility (bringing ATP and Pearl together)
- cost savings in the area of transport of shredded tyres to the processing facility
- greater management control and oversight of the entire operation
- the ability for the Stapylton facility to house up to 6 TDUs up from the previously expected 4 TDUs
- the ability for ATP to target and accept a greater volume of earthmover/ mining tyres at one time which yields a higher gate fee per ton of used tyres compared to car tyres
- increased area to allow for the construction of equipment required for the waste to energy project

As per image 2 below, Pearl has expanded its Stapylton site area from 6,330m² (distinguished by black border) to an occupancy of over 19,500m² (being the area in pink encompassing the previous tenancy).



Image 2: Existing and new geographical area for expanded operations

(Source: Company)

Relocation of Head Office to Queensland

The Queensland Government has continued to play an active role in supporting Pearl's business. Their programs such as the Biofutures and Resource Recovery Infrastructure Development Program have provided cash grants to the Company and planning continues with the Government for future expansion across Queensland.

Given the Government support, and to further reduce costs, Pearl has taken the decision to relocate its head office to its operations site in Stapylton, Queensland, to better position the Company. The Chairman Mr. Gary Foster and Managing Director, Mr. Andrew Drennan committed to the move in the coming months with others in the executive team which currently resides in Perth being offered the option to relocate.

Chairman, Mr Gary Foster said that, *"whilst we still see demand to operate in every Australian state, the current rate of growth, site expansion, acquisition of ATP, strong Queensland Government support and potential cost savings makes it a compelling opportunity for us to add significant value in a shorter period. We remain passionate about our purpose which is to combine safety, innovation, environmental responsibility and shareholder wealth."*

The September 2019 quarterly Appendix 4C follows.

Further information, please contact:

Investors – Gary Foster gf@pearlglobal.com.au

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

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 including waste to energy opportunities. Pearl has Australia's first 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.

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")

30 September 2019

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	240	240
1.2 Payments for		
(a) research and development	(37)	(37)
(b) product manufacturing and operating costs	(281)	(281)
(c) advertising and marketing	-	-
(d) leased assets	(176)	(176)
(e) staff costs/directors salary	(262)	(262)
(f) administration and corporate costs	(256)	(256)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	2	2
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(770)	(770)
2. Cash flows from investing activities		
2.1 Payments for acquisition of:		
(a) property, plant and equipment	(349)	(349)
(b) businesses (see item 10)	(278)	(278)
(c) investments	-	-

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Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 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	(627)	(627)

3. Cash flows from financing activities		
3.1 Proceeds from issues of shares	-	-
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	-	-
3.6 Repayment of borrowings	(18)	(18)
3.7 Transaction costs related to loans and borrowings	-	-
3.8 Dividends paid	-	-
3.9 Other (provide details if material)	-	-
3.10 Net cash from / (used in) financing activities	(18)	(18)

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	5,410	5,410
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(770)	(770)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(627)	(627)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	(18)	(18)

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Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of quarter	3,995	3,995

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	3,995	5,410
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)	3,995	5,410

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**

168

-

Directors salaries and fees, professional 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.		

9. Estimated cash outflows for next quarter	\$A'000
9.1 Research and development	40
9.2 Product manufacturing and operating costs	600
9.3 Advertising and marketing	-
9.4 Leased assets	200
9.5 Staff costs	260
9.6 Administration and corporate costs	290
9.7 Other (provide details if material)	1,030
9.8 Total estimated cash outflows	2,420

Item 9.7 Other comprises the following:

- Part-payment on commencement of manufacture of TDU#3.....770
- Payments for ancillary equipment and infrastructure260

10. Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)	Acquisitions	Disposals
10.1 Name of entity	Australian Tyre Processors Pty Ltd	N/A
10.2 Place of incorporation or registration	Queensland, Australia	
10.3 Consideration for acquisition or disposal	\$300,000 cash payment on settlement. 1.5 million shares in Pearl Global. Refer announcement 15 April 2019	
10.4 Total net assets	(\$22,323)	
10.5 Nature of business	Collection and processing of waste tyres	

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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 October 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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