

27 February 2020

Vanessa Nevjestic
Adviser, Listings Compliance
ASX Limited ("ASX")
Level 40, Central Park
152-158 St George's Terrace
Perth WA 6000

Dear Vanessa

Appendix 4C Query

I refer to your letter to Pearl Global Limited (ASX: PG1) (Pearl or the Company) dated 24 February 2020 regarding the Company's Appendix 4C for the quarter ended 31 December 2019 and provide the following answers to your request for information.

1. Does PG1 expect that it will continue to have negative operating cash flows for the time being and, if not, why not?

Yes. As detailed in the quarterly activity report that accompanied the appendix 4C, Pearl is continuing to ramp up processing of recycled tyres through its two existing thermal desorption units (TDUs) and will be commissioning a third TDU in the June 2020 quarter. Negative operating cashflows are expected until our current processing facility hits its production targets and concurrently increases its product sales. We have previously announced that the Company has a long term fuels offtake arrangement which caters for our expected increased production. Further, we have announced advanced discussions are being held with a domestic customer, capable of buying 100% the output of our expanded production facility.

2. Has PG1 taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

As also mentioned in the quarterly activities report, a number of funding options are being considered to finance ongoing growth. These alternatives include a private placement as well as longer term funding arrangements from groups supportive of the Company including ROC Asset Management, one of our major shareholders. Whilst discussions regarding funding are advancing and the Company is confident of securing the necessary capital, they are not yet at a stage that can be disclosed to the market. An announcement will be made as soon as suitable terms have been agreed.

3. Does PG1 expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Yes, as set out above, the Company is in the process of securing ongoing funding. The Company is also receiving income on the receipt of used tyres in its tyre processing business as well as for the sale of its oil/fuels, char and steel outputs.

4. Please confirm that PG1 is complying with Listing Rule 3.1 and that there is no information that should be given to ASX about its financial condition under that rule that has not already been released to the market.

The directors of Pearl confirm that it is complying with Listing Rule 3.1 and that there is no information that should be released that has not already been released to the market.

5. Please confirm that PG1's responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of PG1 with delegated authority from the board to respond to ASX on disclosure matters.

The responses to the questions above have been approved by the board of Pearl and authorised for release by the Chairman of the Company.

Yours faithfully



Phillip MacLeod
Company Secretary



24 February 2020

Reference: ODIN13857

Mr Philip MacLeod
Company Secretary
Pearl Global Limited
16 Gympie Way
WILLETTON WA 6155

By email: pmacleod@gapcs.com.au

Dear Mr MacLeod

Pearl Global Limited ('PG1'): Appendix 4C Query

ASX refers to PG1's Appendix 4C quarterly report for the period ended 31 December 2019 lodged with the ASX Market Announcements Platform and released on 31 January 2020 (the 'Appendix 4C').

ASX notes that PG1 has reported:

- negative net operating cash flows for the quarter of \$1,406,000;
- cash at the end of the quarter of \$1,464,000; and
- estimated cash outflows for the next quarter of \$1,530,000.

It is possible to conclude, based on the information in the Appendix 4C, that if PG1 were to continue to expend cash at the rate indicated by the Appendix 4C, PG1 may not have sufficient cash to continue funding its operations.

Request for Information

In view of that, ASX asks PG1 to answer separately each of the following questions and provide the following confirmations in a format suitable for release to the market under Listing Rule 18.7A:

1. Does PG1 expect that it will continue to have negative operating cash flows for the time being and, if not, why not?
2. Has PG1 taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?
3. Does PG1 expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?
4. Please confirm that PG1 is complying with Listing Rule 3.1 and that there is no information that should be given to ASX about its financial condition under that rule that has not already been released to the market.
5. Please confirm that PG1's responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of PG1 with delegated authority from the board to respond to ASX on disclosure matters.

Please also provide any other information that PG1 considers may be relevant to ASX forming an opinion on whether PG1 is complying with Listing Rule 12.2 that a listed entity's financial condition must, in ASX's opinion, be adequate to warrant the continued quotation of its securities and its continued listing.

When and where to send your response

This request is made under Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, by no later than **6:00 AM AWST Friday, 28 February 2020**.

If we do not have your response by then, ASX will have no choice but to consider suspending trading in PG1's securities under Listing Rule 17.3. You should note that if the information requested by this letter is information required to be given to ASX

under Listing Rule 3.1 and it does not fall within the exceptions mentioned in Listing Rule 3.1A, PG1's obligation is to disclose the information "immediately". This may require the information to be disclosed before the deadline set out in the previous paragraph.

ASX reserves the right to release a copy of this letter and your response on the ASX Market Announcements Platform under Listing Rule 18.7A. Accordingly, your response should be in a form suitable for release to the market. Your response should be sent to me by e-mail at ListingsCompliancePerth@asx.com.au. It should not be sent directly to the ASX Market Announcements Office. This is to allow me to review your response to confirm that it is in a form appropriate for release to the market, before it is published on the ASX Market Announcements Platform.

Listing Rule 3.1 and 3.1A

Listing Rule 3.1 requires a listed entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities. Exceptions to this requirement are set out in Listing Rule 3.1A. In responding to this letter, you should have regard to PG1's obligations under Listing Rules 3.1 and 3.1A and also to Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B*. It should be noted that PG1's obligation to disclose information under Listing Rule 3.1 is not confined to, nor is it necessarily satisfied by, answering the questions set out in this letter.

Trading halt

If you are unable to respond to this letter by the time specified above, you should discuss with us whether it is appropriate to request a trading halt in PG1's securities under Listing Rule 17.1. If you wish to request a trading halt, you must tell us:

- the reasons for the trading halt;
- how long you want the trading halt to last;
- the event you expect to happen that will end the trading halt;
- that you are not aware of any reason why the trading halt should not be granted; and
- any other information necessary to inform the market about the trading halt, or that we ask for.

We may require the request for a trading halt to be in writing. The trading halt cannot extend past the commencement of normal trading on the second day after the day on which it is granted.

You can find further information about trading halts in Guidance Note 16 *Trading Halts & Voluntary Suspensions*.

Enquiries

If you have any queries or concerns about any of the above, please contact me immediately.

Yours faithfully

Vanessa Nevjestic
Adviser, Listings Compliance (Perth)