

Pearl signs placement agreement for cornerstone investment

- Pearl enters into conditional placement agreement for an initial investment of \$5 million from a cornerstone investor
- Initial investment will fund Pearl's addition of further thermal desorption units and for general working capital purposes
- Initial investment subject to a number of conditions precedent, including receipt of required shareholder approvals, escrow of certain major shareholders of Pearl, the alignment of IP interests between Pearl and Keshi and the completion of the Australian Tyre Processors acquisition.

Pearl Global Limited (ASX:PG1) (**Pearl**) has signed a placement agreement (**Agreement**) with ROC Asset Management Pty Ltd (**ROC**) pursuant to which ROC or its nominated entity (**Investor**) has agreed, subject to the satisfaction of certain conditions precedent in the Agreement (see below for further details), to subscribe for \$5 million of fully paid ordinary shares in Pearl (**Shares**) together with one free attaching unlisted option to acquire one Share in Pearl on exercise of each option (**Options**) for every two Shares subscribed for by the Investor (**Placement**).

ROC is a leading alternative investment manager with over 20 years' experience in growth equity investing. Currently, the ROC group has over A\$6.4 billion in assets under management and has completed over 150 investment transactions.

The issue of Shares and Options to the Investor under the Placement is conditional on, among other things, receipt of required shareholder approvals under the ASX Listing Rules and the *Corporations Act 2001* (Cth). Pearl proposes to convene a general meeting of its shareholders to approve the issue of the securities under the Placement to the Investor, and to pass certain associated resolutions (**Meeting**), as soon as reasonably practicable.

Chairman, Gary Foster said that *"The securing of this new investment in Pearl presents an opportunity for all stakeholders to benefit. We are now shifting focus from being a development technology company to a commercial business. We need to increase production and execute our expansion strategy."*

Details of the Placement

Subject to receipt of shareholder approval and satisfaction of the conditions precedent in the Agreement, it is proposed that the Investor will acquire \$5 million worth of Shares together with one free attaching Option for every two Shares issued to the Investor under the Placement.

The issue price for each Share will be \$0.127.

The board of directors of Pearl unanimously recommends that shareholders approve the issue of the Shares and Options to the Investor under the Placement for the reasons to be set out in the notice of general meeting and explanatory memorandum that is expected to be released to ASX as soon as practicable.

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New Shares issued to the Investor under the Placement will rank pari passu with all existing ordinary shares on issue in Pearl with effect from their date of issue. The attaching Options will be exercisable at \$0.24 each, expiring 12 months from the date of Completion.

As consideration for the Investor agreeing to participate in the Placement, Pearl has agreed with the Investor that should it choose to issue further Shares for the purpose of raising further capital within 24 months after Completion (**New Issue**), other than by way of a pro rata issue, Pearl will offer the Investor the right to participate in the New Issue on terms no less favourable than those offered to any third-party investor, up to a maximum of the lower of:

- (a) 100% of the total number of Shares to be offered under the New Issue; and
- (b) \$15,000,000 less the sum of the aggregate of (i) the consideration payable by the Investor to Pearl to subscribe for the Shares offered to it under the Placement and (ii) the aggregate of the amounts previously paid by the Investor to acquire Shares under a New Issue.

Pearl has also agreed, subject to Completion, to provide the Investor with the right to appoint one director to the Board for each 10% of the issued share capital of Pearl held by the Investor.

Key conditions precedent to the Investor's participation in the Placement

Under the Agreement, Pearl must satisfy certain conditions precedent (as detailed below) by 5 April 2019 if the Investor is to participate in the Placement. Such conditions precedent were agreed to demonstrate to the Investor that Pearl is equipped, aligned and prepared for significant growth.

- *Voluntary escrow arrangements*

Pearl entering into 24-month voluntary escrow arrangements with associated entities of Gary Foster (Chairman), Andrew Drennan (Managing Director) and Bert Huys (Chief Technical Officer) for 90% of their holdings in Pearl.

- *Australian Tyre Processors Pty Ltd*

Pearl completing its acquisition of Australian Tyre Processors Pty Ltd, a waste tyre recycling company that collects and shreds waste tyres (as announced to the market on 20 February 2019).

- *Securing intellectual property (through share swap or asset acquisition)*

Pearl agreeing the terms of either:

- (a) a call option agreement between Pearl and all of the shareholders in 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) pursuant to which such shareholders agree to sell their shares in Keshi in exchange for Shares; or
- (b) a call option agreement between Keshi and Pearl, which will allow Pearl to acquire 100% of the assets (including all IP) of Keshi,

(together the **Pearl Call Option**), in each case exercisable (subject to receipt of required Pearl shareholder approvals under the ASX Listing Rules and the *Corporations Act 2001* (Cth)) at any time within 24 months after Completion 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, and
- (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.

The entry into of the Pearl Call Option will be subject to receipt of required shareholder approvals under the ASX Listing Rules and the Corporations Act, which will be sought at the Meeting.

In addition to the Pearl Call Option, the Placement is conditional upon the Investor and the shareholders in Keshi entering into a call option for the Investor to acquire 19.9% of the shares in Keshi from the Keshi shareholders for \$2,238,750 (being 19.9% of \$11.25 million) (**Investor Call Option**), exercisable at any time during the 12 month period following the expiry of the Pearl Call Option in the event that the Pearl Call Option is not exercised.

- *Other material terms*

- (a) Completion of legal, technical and financial due diligence investigations in respect of Pearl by the Investor.
- (b) the Investor obtaining investment committee approval in respect of its investment in Pearl.

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](#)