



TPI ENTERPRISES LTD. (TPE) MARKET UPDATE

(ASX:TPE)

Melbourne, Australia, 23 May 2016. TPE is pleased to provide the following update which outlines a number of significant milestones that have been achieved during the first 4 months of this year.

1. European Directorate for the Quality of Medicines (EDQM) qualification granted

TPE's new Victorian site has now been qualified in accordance with ICH Q7 "Good Manufacturing Practice Guide for Active Pharmaceutical Ingredients", making TPE an approved supplier of Narcotic Raw Material (NRM) under the EDQM requirements. The qualification means TPE is now able to supply Morphine NRM into Europe under the new tightened regulatory regime. Historically the supply of Morphine NRM was not subject to Good Manufacturing Practice (GMP) as NRM was not considered an intermediate in the manufacture of Active Pharmaceutical Ingredients (API's). However earlier this year EDQM adopted a different view on quality requirements for the supply of Morphine NRM for the manufacture of Codeine Phosphate API and now considers NRM to be classed as an intermediate requiring manufacture under GMP conditions.

2. Customer audits 100% successful

TPE continues to receive strong interest from existing and new NRM customers. Several recent customer audits of TPE's Victorian site have now been completed with positive outcomes in all cases. The level of demand is such that TPE remains confident that it will deliver on its target of supplying 100 tonnes of NRM by 2019.

3. Importation approvals on track

On October 30 2015 TPE applied for the ability to import poppy straw from European countries, specifically; Portugal, Turkey and Hungary. Approval will enable TPE to commercially benefit from northern hemisphere growing seasons and import material from the above stated countries. On March 31 2016 the Commonwealth Department of Biosecurity issued proposed biosecurity conditions (BICON listing) for stakeholder consultation with the consultation period ending on 30 of April. TPE's application is consistent with previously approved import applications for poppy straw and narcotic raw material. A final decision is expected from the Government shortly.

4. Portugal validation plant approvals granted

TPE has now received written approval from INFARMED (Portuguese Health Authority) approving the assembly and operation of TPI's pilot scale facility at the Mem Martins site in Portugal to produce Codeine Phosphate hemihydrate API for trial and validation purposes. TPE purchased state of the art pilot synthetic manufacturing equipment with the support of a \$420,000 Australian Government grant. The plant will be constructed under the current site use licence and is subject to a pre-approval inspection by INFARMED before manufacture of the API can be started. Estimated completion and qualification of this equipment is November 2016, requiring a further investment of between \$1-1.25 million AUD. The full site change licence is expected by November 2016 and will allow TPE to operate as an API manufacturer at the Mems Martins site from 2018 once the full scale equipment has been installed, qualified and audited.



5. Industrial Hemp licence granted

TPE has received a licence to grow and extract Industrial Hemp for experimental purposes. While this is not a licence for medicinal cannabis, it enables TPE to more fully investigate and understand the agronomic and extraction requirements to produce cannabis based products under GMP conditions should the Federal and State government elect to engage with commercial entities. Medicinal cannabis fits neatly within TPE's core competencies. TPE has already invested in infrastructure, while supporting the government's conservative and methodical approach to the development of this potentially highly beneficial industry.

6. More mainland states expected to approve poppy growing

In November 2015 the South Australian government passed legislation to allow the growing of poppies. It is expected that the regulations will be in place before the end of Q3 2016 which will allow for growing in 2017. TPE has already invested in a field officer in South Australia to take advantage of the significant area under irrigation around the Mt Gambier /Naracoorte area. TPE is in discussion with the New South Wales government and expects that legislation/regulations will be in place before the end of Q4 2016. As a result of this TPE expects to be growing in Victoria, Tasmania, New South Wales, South Australia and the Northern Territory in 2017 which will dramatically increase the opportunities for, and security of supply of, raw material across different climatic regions and different timelines.

7. Increased Tasmanian growing quota approved

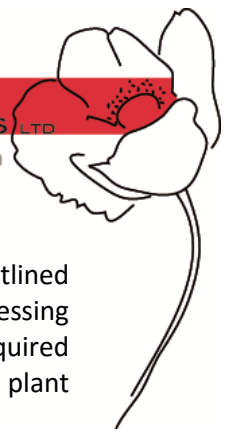
TPE has seen a significant increase in demand for contracts to grow in Tasmania and has now sought permission to grow nearly double the quantity of poppies than originally anticipated. This request for additional area has been approved by the Poppy Advisory Control Board which regulates Tasmanian poppy growing. The increased demand for contracts from TPE comes after the significant cutbacks in growing area made by TPE's Australian competitors. As has been reported publically TPE's Tasmanian competitors have accumulated significant stockpiles of poppy straw and have been reducing the area grown in Tasmania from a peak of approximately 27,000 Ha in 2014 to less than 7000 Ha expected this year. By contrast TPE is growing market share and expects to grow its biggest crop ever in the 2016/17 growing season.

8. Agricultural yields improving

In the 2015/16 growing season TPE crops improved 30% in terms of yield/Ha compared to the previous year. TPE expects this level of improvement to continue with the 2016/17 growing season off to a good start after well timed rain in Victoria and Tasmania. TPE is currently sowing the largest ever paddock of poppies in Australia with a total paddock size of 400 Ha situated in the north of Victoria. At this stage TPE is on track to contract sufficient area to supply its expected needs for the 2017 production season.

9. New process to increase manufacturing yield

TPE has recently developed a novel column extraction process for the recovery of previously unrecovered trace quantities of NRM in waste streams at its new Victorian processing facility. This has now been proven at pilot scale, with a full plant scale unit to be commissioned by the end of May. The



new process will further enhance TPE's significant competitive manufacturing advantage. As outlined in TPE's recent 4E "preliminary final report" on 26 February 2016, the relocation of the processing facility to Victoria resulted in a number of unexpected benefits including a reduction in FTE's required due to increased automation, reduction in raw material usage and an increase in overall plant efficiency.

For more information please contact

Jarrold Ritchie
Managing Director
TPI Enterprises Limited
+613 93010800

Roger McPherson
Company Secretary
TPI Enterprises Limited
+613 93010800

About TPI Enterprises Limited

TPI Enterprises Limited (TPI) is one of three licensed poppy processors in Australia, and the only Australian-owned company. It is one of eight processors worldwide producing Narcotic Raw Material for the international pharmaceutical industry. TPI has developed an innovative, efficient and environmentally-sustainable extraction and purification manufacturing process which allows TPI to deliver a highly competitive pricing platform.