



5 September 2017

**SIGNING OF MATERIAL POPPY STRAW SUPPLY CONTRACT FROM A SECOND EUROPEAN SOURCE (ASX:TPE)**

Securing high quality competitively priced raw material supply is critical to TPI's success. The following note provides an update on TPI's raw material supply chain.

In line with our northern hemisphere sourcing plans, TPI is pleased to announce it has entered a raw material supply agreement from a second European source, the United Kingdom. Material sourced under this agreement will supplement material to be supplied under existing arrangements in place with Hungarian growers adding both volume and diversification to our supply arrangements at a compelling cost.

The United Kingdom supply agreement will provide TPI with 230 tonnes of poppy straw this calendar year and a minimum of 1,500 tonnes in 2018 and up to 2,500 tonnes in 2019. The price terms are extremely competitive with our other supply sources. The contracted quantities are equivalent to approximately 2,000 ha and 3,500 ha of Tasmanian contracted planted area respectively. The agreement is subject to normal industry regulatory approvals.

We are also pleased to announce that our current Hungarian straw supply arrangements are proving to be extremely effective. In line with our agreement, 360 tonnes of Hungarian straw has arrived at our Melbourne facility for processing and a further 256 tonnes of Hungarian straw are en route on the water. The Hungarian straw harvest is being completed and 900 tonnes of contracted material is planned to be on the water by end October.

We are also pleased to confirm that the first shipments of Toll Processing straw has been shipped and are expected to arrive at our Melbourne facility on the 15<sup>th</sup> September with 2,000 tonnes expected to be delivered before the end of the CY.

In total, we expect to receive 5,400 tonnes of poppy straw from imports in 2017 and 6,600 tonnes of poppy straw from imports in 2018.

The raw material supply arrangements with growers from two European countries in combination with our current Australian supply contracts from growers in Tasmania, New South Wales, Victoria and South Australia will give TPI access to sufficient high quality poppy straw to ensure the production of over 100 tonnes of Narcotic Raw Material in 2018.

These latest developments demonstrate that TPI is successfully diversifying its supply of poppy straw which:

1. de-risks the agricultural risks associated with growing poppy;
2. lowers TPI's overall cost of acquiring its key input; and
3. provides TPI with enough volume of raw material to satisfy its budgeted demand for NRM.



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**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.