



PALLA PHARMA

## ASX ANNOUNCEMENT

Tuesday 10<sup>th</sup> December 2019

### NEW CODEINE PHOSPHATE SUPPLY AGREEMENT & PRODUCTION CAPACITY EXPANSION

Palla Pharma Limited (ASX:PAL), a low-cost producer of Narcotic Raw Material (NRM) and one of only three fully integrated opiates manufacturers for supply to the global pain relief market, is pleased to announce the following update.

#### New Codeine Phosphate (CPO) Supply Agreement

PAL has recently received a purchase order for a minimum of 10 tonnes of Codeine Phosphate (CPO) to be delivered in calendar 2020, to a major European tablet producer. The key terms of the agreement are:

- The agreement will run from Q4 2019 to the end of 2020 with the opportunity to extend for longer should parties agree
- Minimum volume of 10 tonnes with scope to increase to 15 tonnes of CPO
- Total contract value in excess of USD 3million with potential for extending the agreement term

This is the first time Palla Pharma has successfully secured this business and is indicative of our underlying ability to supply the volumes our customers need at competitive pricing.

#### Norway CPO Capacity Expansion

As announced in the 1H results PAL was targeting an expansion of CPO capacity in Norway from 50 tonnes p.a to 70 tonnes p.a. Pleasingly, PAL can confirm that it is now consistently producing CPO at the 70 tonnes p.a rate and that the Company is confident that CPO demand in 2020 will exceed its current 70 tonne capacity.

This announcement was authorised by the Board of Palla Pharma Limited.

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#### For more information please contact:

**Jarrod Ritchie**

Chief Executive Officer  
Palla Pharma Limited  
+61 3 9301 0800

**Brendan Middleton**

Chief Financial Officer  
Palla Pharma Limited  
+61 3 9301 0800

**Adrian Mulcahy**

Investor Relations  
Market Eye  
+61 438 630 422  
ir@pallapharma.com

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#### About Palla Pharma Limited:

Palla Pharma Limited (ASX:PAL) is a vertically integrated opiate manufacturer from poppy straw growing through to tableting production. Palla Pharma has developed an innovative, efficient and environmentally sustainable opiate manufacturing process based on a novel water-based extraction technology. The company is one of six licensed opiate producers globally, and one of three fully integrated suppliers from opiate extraction through to tableting production delivering on its strategy to secure access to regulated downstream narcotics markets by leveraging its production cost advantage.

**Palla Pharma Limited**

PO Box 2139 Melbourne, VIC 3001, Australia

T +61 3 9301 0800 / F +61 3 9301 0899 / W [pallapharma.com](http://pallapharma.com) / E [info@pallapharma.com](mailto:info@pallapharma.com)