



PALLA PHARMA

ASX ANNOUNCEMENT

Thursday 19th December 2019

Palla Pharma renegotiates debt facilities on more favourable terms

Palla Pharma Limited (ASX: PAL) (**PAL**) today announces it has negotiated an amended working capital debt facility agreement with major shareholder Washington H. Soul Pattinson and Company Limited (**WHSP**).

Key terms of the amended facility include a reduction in the interest rate to 8.25% (previously an average rate across three facility tranches of 11.2%), extension of maturity date to August 2021 (previously August 2020), and amendment of the facility limit to \$16 million (previously \$31 million). The facility will continue to be secured over the assets of PAL.

PAL had previously stated as part of its Placement & Entitlement Offer presentation on 17 October 2019, that it had received a letter of offer from an invoice finance provider for a facility with a \$6 million limit. Subsequent to this, WHSP proposed an amended set of terms for the WHSP facility which were superior to the invoice finance provider's offer and consequently PAL has elected not to proceed with the invoice finance facility. Importantly, the WHSP facility allows for an extended maturity without early repayment penalties which allows PAL the option to seek to refinance the facility with lower cost bank debt as soon as is practical.

CEO Jarrod Ritchie stated: "We are pleased with the continued support of our major shareholder and their willingness to better terms being offered by commercial lenders that we have been in discussions with. With the completion of the recent capital raise and the extension of the WHSP debt facility, the company is now well positioned to execute its growth plans and deliver value for shareholders".

This announcement has been authorised for release by the Board of Palla Pharma Limited.

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

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 / E info@pallapharma.com