



Ag & Vet Weekly

Monday December 9 – Friday December 13, 2019

All the news on ASX-listed agriculture and veterinary companies

- * DEC 13: ASX, AVW-45 UP: ECOFIBRE UP 10%; MEMPHASYS DOWN 6%
- * TERRAGEN IPO RAISES \$20m OPENS UP 4% AT 26c
- * MURRAY COD PLACEMENT TO RAISE \$15m
- * PALLA \$4m EURO CODEINE DEAL
- * ROOTS WATER WAYS DISTRIBUTION DEAL
- * TERRAGEN GREAT LAND, MYLO SALES UP 45%
- * NATIVE TITLE HOLDERS UPGRADE SEAFARMS' LEGUNE STATION
- * SYNLAIT LAUNCHES NZ NATIVE TREE PLANTING PROGRAM
- * ELDERS EARNS 36% REMUNERATION 1st STRIKE
- * PHARMAUST OPENS 2 MORE DOG CANCER TRIAL CENTRES
- * AUSTRALIAN PRIMARY HEMP, FRESHWATER 2-YEAR HEMP DEAL
- * CANN GLOBAL OLIVIA NEWTON-JOHN MARIJUANA FORMULA RIGHTS
- * CRESO AFRICA MARIJUANA CANNAQIX LAUNCH BY APRIL 2020
- * AUSCANN REINSTATED BY BANK OF NY MELLON PERSHING
- * PERPETUAL TAKES 12% OF COSTA
- * EXEC CHAIR NORMAN LI REDUCES TO 35% OF THE FOOD REVOLUTION
- * CHAIR SAM BROUGHAM, STAMINA, CROFTON TAKE 6.3% OF TERRAGEN
- * CRESO RELEASES 2m VOLUNTARY ESCROW SHARES
- * GEOFFREY BABIDGE REPLACES A2's JAYDE HRDLICKA, ON \$1.6m
- * MS FARRELL, MS DAHIYA REPLACE CANN GROUP CO SEC, CFO MR BAKER
- * DAVID LILJA REPLACES OPYL CO SEC DAVID HWANG

MARKET REPORT

The Australian stock market was up 0.46 percent on Friday December 13, with the ASX200 up 30.9 points to 6,739.7 points. Seventeen of the AVW-45 stocks were up, 11 fell, 13 traded unchanged and four were untraded.

Ecofibre was the best, up 25 cents or 9.8 percent to \$2.81 cents, with 225,028 shares traded. Elixinol was up 6.25 percent; Althea and Auscann climbed more than five percent; Palla improved 4.2 percent; Bega and Murray Cod were up three percent or more; Australian Primary Hemp, Costa, National Veterinary, Nufarm and Pharmaust rose more than two percent; Elders and Select Harvest were up more than one percent; with Huon, Ridley and Tassal up by less than one percent.

Memphasys led the falls, down 0.3 cents or 5.7 percent to five cents, with 832,903 shares traded. Nanollose lost 5.3 percent; Cannpal fell 4.55 percent; Bubs shed 2.55 percent; Abundant, Clean Seas, Clover Corp, Food Revolution, Seafarms and Synlait were down more than one percent; with A2 down 0.2 percent.

TERRAGEN HOLDINGS

Terragen opened on the ASX under the code TGH at 11am on Wednesday December 11, 2019 at 26 cents, a four percent premium to its initial public offer price of 25 cents.

During trading, Terragen fell to a low of 19 cents and closed the day at 20 cents.

Terragen chief executive officer Justus Homburg told Ag & Vet Weekly that the company raised the hoped-for \$20 million.

In November, the Coolumb Beach, Queensland-based Terragen said it hoped to raise \$20 million at 25 cents a share to list on the ASX to commercialize its microbes for soil health expected to have a market capitalization of \$46.7 million following the initial public offer. (AVW: Nov 8, 2020).

Terragen said the biological products using live microbes, primarily lactobacilli, were designed to address soil health “and help boost the growth, quality and resilience of farm production animals ... [and] reduce the reliance of farmers on chemical-based fertilizers, pesticides and antibiotics”.

The company said it had two products on the market in Australia and New Zealand: the soil conditioner ‘Great Land’ and microbial feed supplement ‘Mylo’ and was developing veterinary medicines: Lactolin, a teat conditioner to maintain and improve the udders of lactating production animals; and Halo, an anti-inflammatory product to assist dairy cattle with mastitis and companion animals such as dogs with mobility impairments.

Terragen said the funds would be used to further commercialize Great Land and Mylo in Australia and New Zealand, further develop and market Mylo, Lactolin and Halo in the US and Europe, and to improve production efficiency and formulation of its products.

Mr Homburg said the company believed that its biological products could “provide farms with a means to be more sustainable”.

“We produce biological products that provide a foundation for driving agricultural sustainability on farms using organic, chemical-free or conventional farming practices,” Mr Homburg said.

Terragen said it had identified the dairy sector as a key platform for growth due to the large addressable market.

Terragen said the joint lead managers were Bell Potter Securities and Evans Dixon Corporate Advisory.

Terragen closed the week unchanged at 19.5 cents with 1.95 million shares traded.

MURRAY COD AUSTRALIA

Murray Cod says it has “firm commitments” to raise \$15 million in a placement at 14.5 cents a share to professional and sophisticated investors.

Murray Cod said the share price was a 12.1 percent discount to the company’s last traded share price of 16.5 cents and a 7.8 percent discount to the 10-day volume weighted average traded share price on December 11, 2019.

The company said the funds would be used for ongoing production, including the acquisition of a new fish hatchery and grow-out ponds for fingerlings, marketing and branding initiatives and general working capital.

Murray Cod said the placement was managed by Ord Minnett as sole lead manager.

Murray Cod was up half a cent or three percent to 17 cents.

PALLA PHARMA

Palla says it has a supply agreement with an unnamed European tablet producer for a minimum of 10 tonnes of codeine phosphate until the end of 2020.

Palla said the agreement had a total value of \$US3 million (\$A4.4 million) and could increase from a 10 tonne minimum to up to 15 tonnes of codeine phosphate.

The company said that it had the option to extend the agreement beyond 2020.

Palla said the agreement shows the company’s “ability to supply the volumes our customers need at competitive pricing”.

The company said that it had met its target of increasing codeine phosphate production in Norway from 50 tonnes to 70 tonnes a year.

Palla said it expected demand in 2020 to “exceed its current 70 tonne capacity”.

Palla was up four cents or 4.2 percent or 99 cents.

ROOTS SUSTAINABLE AGRICULTURAL TECHNOLOGIES

Roots says it has a nine-month distribution agreement with Water Ways Technologies to sell its root zone temperature optimization technology in Canada.

Roots said the Israel-based Water Ways was an agriculture technology company that specialized in water irrigation equipment.

The company said Water Ways would use its established commercial relationships in Canada to sell Roots’ technology.

Roots said the agreement had no fees for either party and it would gain income “from sales of the technology by Water Ways”.

The company said that Water Ways would have to identify three customers that were interested in purchasing the product within six months, and sell no fewer than three of the products during the initial nine-month term.

Roots said that after nine months the parties would “mutually evaluate extending the agreement”.

Roots chief executive officer Dr Sharon Devir said that the company was continuing “to strengthen its presence in North America and we see considerable scope for growth in Canada by partnering with Water Ways.”

“Both companies have identified the cannabis sector as a market that presents significant commercial opportunity, and if we can deliver growers in Canada with a technology-led pricing advantage, we are confident we can build a strong presence here,” Dr Devir said.

Roots was unchanged at 2.7 cents

TERRAGEN HOLDINGS

Terragen says sales of its Great Land soil conditioner and Mylo feed supplement are up 45 percent from an unstated base for the five months to November 30, 2019.

Terragen said the increase in sales followed the launch of its "business to business" distribution strategy in February, 2019.

The company said that 16 national and regional agricultural retail organizations were involved in the strategy, including Elders Rural Services and Murray Goulburn.

Terragen said that 73 retail outlets distributed Great Land and Mylo, with each accredited by the company through a product training program.

The company listed on the ASX on December 11 (see above).

SEAFARMS GROUP

Seafarms says the Legune native title holders' upgrade of the Northern Territory-based Legune station has reached its first community development milestone.

Seafarms said the Legune native title holders negotiated for the upgrade as part of their land use agreement with Seafarms, and completed an upgrade of their outstation at Marralum on Legune Station, 400km south west of Darwin.

The company said Legune Station was part of its prawn aquaculture project, Project Sea Dragon and the facility would produce more than 150,000 tonnes of black tiger prawns.

Native title holder Marcus Simon said "We are not waiting for government to do things for us, we're getting on with developing our communities ourselves."

"We have used money from our agreement with Seafarms to build and improve our housing at Marralum so we can live out there when jobs start at the prawn farm or with the Northern Land Council's proposed ranger program," Mr Simon said.

Seafarms fell 0.1 cents or 1.4 percent to seven cents with 1.1 million shares traded.

SYNLAIT MILK

Synlait says it has launched a native tree planting program, Whakapuāwai, at its 15-hectare (37.1 acres) Canterbury, New Zealand-based Synlait Dunsandel site.

Synlait said that Prime Minister Jacinda Ardern opened the program by planting a native New Zealand kowhai tree, alongside more than 1,000 other native trees already planted.

The company said the program planned to plant four million native trees on farms and community land by 2028 and its staff would receive one paid day a year to plant natives, supporting its commitments to farmers and communities to restore land in Canterbury.

Synlait chief executive officer Leon Clement said "We can't solve environmental challenges on our own, but through Whakapuāwai we can lead by example and help connect our milk suppliers and community groups to make a real difference".

"New Zealanders are passionate about creating a sustainable future for our country, and at Synlait, we are in an ideal position to shape the change needed in our industry," Mr Clement said. "It's our purpose to do milk differently for a healthier world, and Whakapuāwai brings this to life."

"Our customers, and their consumers, have rapidly shifting expectations when it comes to how we care for our planet, people and animals, and Synlait is responding to these demands to ensure a healthier world for all," Mr Clement said.

Synlait said it had an electrode boiler to provide "renewable process heat" instead of a coal boiler as part of its goal to reduce off-farm greenhouse gas emissions by 50 percent by 2028.

Synlait fell 17 cents or two percent to \$8.49.

ELDERS

Elders says that 36.4 percent of votes opposed the remuneration report, delivering a first strike, along with 24 percent opposition to managing-director performance rights.

The Corporations Act (Section 250U) provides for a 'two strikes and re-election' process if a company's remuneration report is opposed by more than 25 percent of votes at two consecutive annual general meetings, taking the company to a vote on a board spill motion.

Elders said that 30,535,381 votes (36.4%) opposed the remuneration report, with 53,358,551 votes (63.6%) in favor.

The company said managing-director Mark Allison's 166,000 long-term incentive performance rights were opposed by 20,267,314 votes (24.15%) with 63,670,166 votes (75.85%) in favor.

Elders said that 4,016,525 votes (31.7%) opposed the ratification of the prior issue of securities, with 8,651,214 votes (68.3%) in favor.

Elders said the re-election of chair Ian Wilton and the approval of financial assistance passed overwhelmingly.

According to Elders' most recent Appendix 3B, the company had 155,368,814 shares on issue, meaning the 30,535,381 votes against the remuneration report amounted to 19.7 percent, sufficient to requisition extraordinary general meetings.

Elders was up 12 cents or 1.9 percent to \$6.46 with 484,544 shares traded.

PHARMAUST

Pharmaust says it has contracted two new centres for its trial of monepantel in dogs with treatment-naïve B-cell lymphoma.

Pharmaust said it had contracted the University of Sydney's University Veterinary Teaching Hospital and the Perth-based West Australian Veterinary Emergency Specialists through its trial manager, the University of Melbourne's Department of Veterinary Clinical Sciences' Werribee-based U-Vet.

Pharmaust was up 0.2 cents or 2.1 percent to 9.8 cents.

AUSTRALIAN PRIMARY HEMP (FORMERLY ALCHEMIA)

Australian Primary Hemp says it has a two-year exclusive hemp supply agreement with Sydney's Central West Packing and Storage, trading as Freshwater Brands.

Primary Hemp said it would supply 100 percent of hemp used in all Freshwater hemp-based products, including Hemp Seed Oil Hydrating Body Bar and Hemp Seed Oil Hydrating Wash distributed by Woolworths and Chemist Warehouse from January 2020.

The company said it had a memorandum of understanding with Freshwater and had agreed to collaborate on the development of new products and explore further collaboration opportunities including "a growing-offtake relationship".

Primary Hemp said that Freshwater had placed its first order hemp oil order with the company, "neither party [was] certain on volumes and [would] review regularly" and both parties had the option to extend the agreement.

Australian Primary Hemp chief operating officer James Hood said that Freshwater was "an ethically-based company which prides itself on using all Australian-sourced ingredients".

"The agreement further establishes new product development capability and distribution channels for [Australian Primary Hemp] in addition to the exclusive ingredient supply arrangements," Mr Hood said.

Australian Primary Hemp was up half a cent or 2.9 percent to 18 cents.

CANN GLOBAL

Cann Global says it has an exclusive agreement for the rights to a medicinal marijuana formula used by Olivia Newton-John in her “holistic approach” to breast cancer.

Cann Global said the formulations were developed by Ms Newton-John’s husband John Easterling, a director of Cann Global and were known as XO-27-XP, and ONJ-18-XP and ONJ-XO.

Ms Newton-John said the formula helped with “sleep, stress, mood, and ... pain”, and reported increased mobility and “increased healthy blood count numbers”.

Cann Global said the deal was “cash-free” and based on a “stock-for-stock exchange agreement” between Cann Global and Mr Easterling’s company, Plant Matrix Research. The company said it intended to distribute the formulations under its label.

Cann Global was unchanged at 1.5 cents with 2.5 million share traded.

CRESO PHARMA

Creso says that it will launch its marijuana-based Cannaqix products for stress and mental functions with Pharma Dynamics in nine African countries by April 1, 2020.

In August, Creso said the Capetown, South Africa-based Pharma Dynamics would distribute Cannaqix10 in South Africa, Namibia, Botswana, Zimbabwe, Swaziland, Lesotho, Angola, Mozambique and Uganda and it expected it to be available in South African retail pharmacies by the end of the year (BD: Aug 22, 2019).

The company said Pharma Dynamics had “the sole distribution rights of ... [the] Cannaqix product range” and had made two initial orders valued at \$300,000.

Creso said Cannaqix products were “broad spectrum organic hemp oil”-based lozenges with cannabidiol designed for buccal absorption to dissolve in the mouth.

Creso said that Cannaqix was distributed in the UK, Australia, Brazil and New Zealand. Creso was unchanged at 11.5 cents.

AUSCANN GROUP HOLDINGS

Auscann says that it has been reinstated for trading by the Bank of New York Mellon’s Pershing Securities.

Auscann was up one cent or 5.7 percent to 18.5 cents.

COSTA GROUP HOLDINGS

Perpetual says it has increased its substantial shareholding in Costa from 40,925,481 shares (10.21%) to 47,451,226 shares (11.84%).

The Sydney-based Perpetual said that it acquired the shares in more than 50 transactions between November 28 and December 6, 2019, with the single largest purchase 2,800,000 shares on December 6 for \$6,902,717 or \$2.47 a share.

Costa was up five cents or 2.1 percent to \$2.46 with 2.3 million shares traded.

THE FOOD REVOLUTION GROUP

Food Revolution executive chair Dr Tao Norman Li says he has reduced his substantial holding from 262,000,001 shares (36.20%) to 257,000,001 (35.46%).

The Sydney-based Mr Li said that on September 5, 2019 he sold 5,000,000 shares off-market for \$322,400 or 6.5 cents a share.

The Food Revolution fell 0.1 cent or 1.25 percent to 7.9 cents.

TERRAGEN HOLDINGS

Chairman Sam Brougham, Stamina and Crofton Park Developments say they have become substantial in Terragen with 11,821,616 shares (6.33%).

Mr Brougham, Stamina and Crofton said that between March 25, 2013 and December 5, 2019 they acquired shares through cash purchases and as director fees payments with the single largest purchase on December 5, 2019 of 1,200,000 shares for \$300,000 or 25 cents a share.

The company listed on the ASX on December 11 (see above).

CRESO PHARMA

Creso says it will release 2,053,043 of 8,212,121 shares and 303,039 of 1,212,120 performance shares from voluntary escrow on December 20, 2019.

Creso said the shares were those issued to Kunna Canada vendors as payment for the acquisition of Kunna Canada (BD: Dec 21, 2018).

The company said that 500,000 shares would remain subject to escrow until January 16, 2020, with 6,159,078 shares and 909,081 performance shares continuing in voluntary escrow following the release.

Creso's most recent Appendix 3B said it had 174,117,250 shares on issue, meaning that 167,958,172 shares were available for trading, with 6,159,078 continuing in voluntary escrow.

THE A2 MILK CO

A2 Milk says that former managing-director Geoffrey Babidge will replace chief executive officer Jayde Hrdlicka effective December 9, starting on \$1,600,000 a year.

Ms Hrdlicka said she had agreed to step down as "the next three to five years will continue to require the [chief executive officer] being present in our core markets of China and the US and that combined with running a New Zealand company based in Australia required more travel than I had anticipated when I joined the company".

Last year, A2 said it appointed Ms Hrdlicka as chief executive officer from July 16, 2018 starting on \$1,500,000 a year.

A2 Milk said it would start a search for a new chief executive officer and Mr Babridge was the former managing-director with "an intimate knowledge" of the business and the markets in which it operated.

A2 Milk said Mr Babridge would receive a base salary of \$1,600,000 a year, as well as a short-term incentive bonus of 20 to 40 percent of his base rate, payable entirely at the discretion of the board once a permanent chief executive officer is hired.

A2 Milk was down three cents or 0.2 percent to \$14.66 with 3.2 million shares traded.

CANN GROUP

Cann Group says that Geraldine Farrell and Reena Dahiya have replaced Richard Baker as company secretary and chief financial officer, effective December 6, 2019.

Cann said Ms Farrell had been appointed company secretary and had more than 25 years' experience in commercial, corporate, and intellectual property law.

The company said Ms Dahiya had been appointed acting chief financial officer and had more than 25 years' experience within finance and accounting across a diverse range of industries.

Cann Group was unchanged at 40 cents with 1.2 million shares traded.

OPYL (FORMERLY SHAREROOT)

Opyl says that David Lilja will replace David Hwang as company secretary, effective December 10, 2019.

Opyl said that Mr Lilja had more than 20 years' experience in the professional services industry and was a partner at tax advisory firm DLK Advisory Pty Ltd.

The company said Mr Lilja was an executive at Crowe Horwath, Smartgroup, KPMG and Ernst and Young Australia.

Opyl was unchanged at 15 cents.