

# Ag & Vet Weekly



Tuesday June 9 – Friday June 12, 2020

*All the news on ASX-listed agriculture and veterinary companies*

- \* JUNE 12: ASX, AVW-44 DOWN: MGC UP 4%; OPYL DOWN 10%
- \* ABARES: 'VERY FAVORABLE' START OF WINTER CROP SEASON
- \* S&P: A2 MILK, ECOFIBRE UP; AUSCANN, CANN GROUP, WATTLE DOWN
- \* FOOD REVOLUTION: 'ON-TRACK' FOR \$40m REVENUE GUIDANCE'
- \* CRESO LAUNCHES CANNAQIX MARIJUANA IN SOUTH AFRICA
- \* CRESO COMPLETES DUE DILIGENCE TO SELL MARIJUANA IN CANADA
- \* CRESO WELCOMES ISRAEL MARIJUANA LEGALIZATION PROPOSALS
- \* FIDELITY TAKES 5.4% OF SYNLAIT
- \* NORMAN LI, CARELINE REDUCE TO 35% OF FOOD REVOLUTION
- \* L1 CAPITAL TAKES 6.4% OF CRESO
- \* JAMBER INCREASES, DILUTED TO 8.5% IN CRESO
- \* PHARMAUST REQUESTS 'SARS-COV-2 TEST RESULTS' TRADING HALT
- \* CANN GLOBAL 3rd 'RESEARCH INITIATIVES' EXTENSION SUSPENSION
- \* FOOD REVOLUTION APPOINTS NICK STOIKOS COMMERCIAL DIRECTOR

## MARKET REPORT

The Australian stock market fell 1.9 percent on Friday June 12, 2020, with the ASX200 down 112.8 points to 5,847.8 points. Just four of the AVW-44 stocks were up, 30 fell, five traded unchanged and five were untraded.

MGC was the best of the few, up 0.1 cents or 4.35 percent to 2.4 cents, with 6.2 million shares traded. AP Hemp was up 3.7 percent; Elixinol rose 2.6 percent; with Elders up by 0.75 percent.

Opyl led the falls, down 1.5 cents or 10.3 percent to 13 cents, with 116,999 shares traded. Ocean Grown Abalone fell 10 percent; Huon lost 8.75 percent; Tasfoods shed 7.7 percent; Memphasys was down 6.35 percent; Auscann, Clean Seas, Ecofibre, Food Revolution and Roots were down more than five percent; Apiam, Bubs, Next Science and Wide Open Agriculture fell four percent or more; Clover, Nufarm, Ridley and Select Harvests lost more than three percent; Althea, Cann Group, Cannpal, Costa, Nanollose, Palla, Tassal and THC shed two percent or more; Bega, Seafarms and Synlait were down more than one percent; with A2 Milk down by 0.6 percent.

## BUREAU OF AGRICULTURAL AND RESOURCE ECONOMICS AND SCIENCES

The Australian Bureau of Agricultural and Resource Economics and Sciences (Abares) forecasts a 53 percent increase in winter crop production for the 2020 to 2021 season. Abares acting executive director Peter Gooday said the opening to the 2020 winter cropping season was "very favorable", especially in eastern states and South Australia. Citing a report from the Australian Bureau of Agricultural and Resource Economics and Sciences (Abares), a media release from the Federal Government Department of Agriculture, Water and the Environment, said that, assuming average seasonal conditions for spring, it expected a 23 percent increase in the area planted with crops and five percent above the 10-year average.

The report said that the area planted to wheat was forecast to increase by 27 percent, eight percent above the 10-year average, while the area planted to barley was forecast to increase by eight percent for both the year and above the 10-year average.

Abares said the forecast predicted wheat production to increase by 76 percent to 26.7 million tonnes, barley production to increase by 17 percent to 10.6 million tonnes, canola production to increase by 40 percent to 3.2 million tonnes, oats production to increase by 81 percent to 1.6 million tonnes and chickpea production to increase by 135 percent to 661,000 tonnes.

"Yield prospects in New South Wales, Victoria and South Australia are forecast to be above average given favorable levels of soil moisture at the beginning of June and the likelihood of above average rainfall in July," Mr Gooday said. "Falls in barley prices in early May occurred in the midst of planting but did not significantly change planting intentions in the Eastern states, with many producers maintaining planned crop rotations."

Mr Gooday said the Bureau of Meteorology's outlook for June to August indicated winter rainfall was likely to be above average in most cropping regions in Queensland and New South Wales and around average in most other cropping regions.

The full report is available at: <https://bit.ly/3dUtvOH>.

## S&P DOW JONES INDICES

Standard & Poor's Dow Jones Indices say it has promoted A2 Milk and Ecofibre and demoted Auscann, Cann Group and Wattle Health.

Standard & Poor's said A2 Milk would be included in the S&P ASX50, with Ecofibre promoted to the All Ordinaries and Auscann, Cann Group and Wattle Health removed from the same index.

Standard & Poor's said that the changes would take effect from the open of trading on June 22, 2020.

## THE FOOD REVOLUTION GROUP

Food Revolution says it is on track to achieve its revenue guidance of \$40 million for the year to June 30, 2020.

Food Revolution said sales of hand sanitizer under the Care Touch brand had exceeded expectations after the Covid-19 pandemic "crippled local supply", with sales of more than \$6 million for the year to June 30, 2020.

The company said its Original Juice Company brand had strong sales in recent months, with new products launched in Coles supermarkets performing above expectations.

Food Revolution said it expected to launch three new Original Juice Company products in Woolworths supermarkets this month.

Food Revolution fell 0.3 cents or 5.4 percent to 5.3 cents with 1.45 million shares traded.

### CRESO PHARMA

Creso says its partner Pharma Dynamics has launched its Cannaqix marijuana as Cannamics in South Africa.

Creso said Cannamics would be sold through independent and major pharmacy retailer chains.

Creso was unchanged at 5.2 cents with 3.6 million shares traded.

### CRESO PHARMA

Creso says wholly owned subsidiary Mernova Medicinal Inc has completed legal due diligence and will begin selling its dried and fresh marijuana in Canada.

In May, Creso said it had received a sales licence from Health Canada "pending additional information" (BD: May 11, 2020).

### CRESO PHARMA

Creso says it welcomes Israeli Government legislation proposing the legalization and further decriminalization of marijuana.

Creso said the reform included the legalization of cannabidiol (CBD) and its related products, would allow Creso to sell its CBD-based products to the human and animal sectors in Israel.

The company said the Israeli Government parties Likud and Kahol Lavan (Blue and White) detailed steps to ease marijuana restrictions for recreational and medical use through "a responsible model that will suit the state of Israel and the Israeli population". Creso chairman Boaz Wachtel said that although the company was "potentially still a few months from having new laws passed, this latest development signals that the foundations are now in place for legislative reform".

"This latest move by the Government to adopt a more progressive approach towards cannabis legislation, and the opening of the CBD consumer market only adds further momentum to this strategy, and we look forward to pursuing additional growth opportunities in due course," Mr Wachtel said.

### SYNLAIT MILK

Fidelity International Limited says it has become a substantial shareholder in Synlait with 9,661,572 shares or 5.39 percent of the company.

The Bermuda, Hong Kong and Sydney-based Fidelity said that between February 13 and June 5, 2020 it acquired 6,319,194 shares, with the single largest purchase of 1,041,620 shares on April 9 for \$7.066 a share.

Synlait was down seven cents or 1.1 percent to \$6.45.

### THE FOOD REVOLUTION GROUP

Food Revolution chairman Norman Li says he and Careline Australia have reduced their substantial holding from 257,000,001 shares (35.46%) to 250,518,519 shares (34.57%).

The Sydney-based Mr Li said that on June 10, 2020 he disposed of 6,481,482 shares off market for \$350,000 or 5.4 cents a share through Careline Australia.

Last year, Food Revolution said Mr Li bought 100,000,000 shares through Pacific International, Careline Australia and Y&L Family Investments (AVW: Sep 6, 2019).

### CRESO PHARMA

L1 Capital Global Opportunities Master Fund says it has become a substantial shareholder in Creso, again, with 17,968,888 shares or 6.44 percent of the company. L1 previously became substantial in Creso in March and at that time the Melbourne and Cayman Islands-based L1 Capital, also did not disclose the date(s) or price(s) paid for the shares (BD: Mar 9, 2020)

In February, Creso said it had a convertible note agreement with L1 Capital for up to \$17,482,500 (BD: Feb 5, 2020).

### CRESO PHARMA

Sydney's Jamber Investments says it has increased and diluted in Creso from 22,635,938 shares (11.24%) to 23,735,938 shares (8.50%).

Jamber said that between February 25 and June 5, 2020 it bought 1,100,000 shares for \$79,694 or an average of 7.2 cents a share.

Earlier this month, Creso said it has commitments to raise \$2,137,000 in a placement at six cents a share (BD: Jun 1, 2020).

### PHARMAUST

Pharmaust has requested a trading halt "pending an announcement regarding disclosure of results from the Sars-Cov-2 repeat experiments".

Last week, Pharmaust said results from tests undertaken by Melbourne's Walter and Eliza Hall Institute showed that monepantel and monepantel sulfone reduced severe acute respiratory syndrome coronavirus-2 (Sars-Cov-2) replication and cell-to-cell infectivity in tissue culture by 50 percent to 95 percent, in-vitro (BD: June 4, 2020).

Pharmaust has been trialling the Elanco monepantel sheep round worm drench, previously PPL-1, for human cancer since June 2014, and for dog cancer since September 2014 (BD: Jun 23, Sep 9, 2014).

Trading will resume on June 15, 2020 or on an earlier announcement.

Pharmaust last traded at 11 cents.

### CANN GLOBAL

Cann Global has requested a third extension to a voluntary suspension following a trading halt for "research initiatives". (BD: May 18, 2020).

Cann Global took the trading halt to a suspension on May 20 and requested two subsequent extensions on May 25 and June 3, 2020 (BD: May 20, 25, Jun 3, 2020).

Today, Cann Global said it expected the announcement to be made by June 5, 2020.

Cann Global last traded at 0.7 cents.

### THE FOOD REVOLUTION GROUP

Food Revolution says it has appointed Nick Stoikos as commercial director.

Food Revolution said Mr Stoikos was previously sales and supply chain director for Mondelez Australia and the sales director for SCA Hygiene (rebranded as Asaleo Care).