

Ag & Vet Weekly



Monday June 15 – Friday June 19, 2020

All the news on ASX-listed agriculture and veterinary companies

- * JUNE 19: ASX, AVW-44 UP: ROOTS UP 25%; OPYL DOWN 23%
- * WATTLE HEALTH CHAIR PETER BIANTESE LOSES TAX REGISTRATION
- WATTLE HEALTH LOSES PETER BIANTESE
- * NSW FARMERS OPPOSE BETA AGONIST FOR CATTLE FEEDLOTS
- * NSW FARMERS CAUTION ON COAL SEAM GAS, GROUNDWATER
- * WIDE OPEN, CSIRO WORK ON MEAT SUBSTITUTE
- * OPYL RAISES \$739k
- * MEMPHASYS: FELIX SPERM SEPARATOR SALES 'ON-TRACK'
- * ROOTS: HYDRO GROW PAYS \$17k FOR 3rd RZTO ORDER
- * PHARMAUST: 'WEHI BACKS MONEPANTEL FOR SARS-COV-2 - IN-VITRO'
- * WATTLE HEALTH: CORIO BAY ENDS ORGANIC DAIRY MILK SUPPLY
- * CANN GROUP: CSIRO 325k SHARES FOR MARIJUANA R&D
- * MGC SELLS NUTRACEUTICALS TO ONASSIS FOR \$9m SHARES
- * CANN GLOBAL: 'MARIJUANA STRAIN STOPS MS IN-VITRO, IN MICE'
- * MGC, IM CANNABIS TO SELL MARIJUANA CANNAPIL IN ISRAEL
- * THC: CANNATREK TO SUPPLY DRIED MARIJUANA FLOWER
- * ELLERSTON CAPITAL REDUCES TO 8.1% OF NUFARM
- * GCI CSS, HOFSETH & NEVERA TAKE 9.4% OF CLEAN SEAS
- * ONE FUNDS TAKES 6.2% OF MURRAY COD
- * SHANNON DOECKE REPLACES ELDERS CO SEC SANJEETA SINGH

MARKET REPORT

The Australian stock market was up 0.1 percent on Friday June 19, 2020, with the ASX200 up 6.1 points to 5,942.6 points. Twenty-two of the AVW-44 stocks were up, 12 fell, eight traded unchanged and two were untraded.

Roots was the best, up 0.4 cents or 25 percent to 2.0 cents, with 1.3 million shares traded. Cannpal was up 9.1 percent; Nanollose rose 8.8 percent; Food Revolution improved 7.55 percent; Clover and Wide Open Agriculture climbed five percent or more; Creso Pharma, MGC and Palla were up more than four percent; Bega and Memphasys rose more than three percent; Bubs, Costa, Elders, Fonterra, Nufarm, Synlait and Tassal improved two percent or more; Ocean Grown Abalone, Next Science and Ridley climbed one percent or more; with Huon up by 0.3 percent.

Opyl led the falls, down 3.0 cents or 23.1 percent to 10 cents, with 476,811 shares traded. Avecho fell 12.5 percent; Tasfoods lost eight percent; A2 Milk and Apiam shed more than four percent; Seafarms was down 3.85 percent; Anatara and Elixinol fell more than two percent; with Althea, Ecofibre, Regeneus and Select down by more than one percent.

WATTLE HEALTH AUSTRALIA

Wattle Health says interim chairman Peter Biantes resigned “due to health reasons” from June 16, 2020, following the June 10 termination of his tax practitioner registration.

On June 17, Wattle Health said that Mr Biantes resigned due to health reasons.

The Australian Government Tax Practitioners Board (TPB) website said that Mr Biantes had been disqualified as a tax practitioner from June 10, 2020 to June 10, 2025, saying the “individual no longer meets registration requirements”.

The TPB said Mr Biantes breached codes relating to “act honestly with integrity”, “comply with taxation laws in conduct of personal affairs”; and “must not knowingly obstruct proper administration of taxation laws” and said the “individual has ceased to meet registration requirement that they are a fit and proper person”.

“On April 30, 2020, after completing an investigation, the TPB concluded that Peter Biantes had engaged in dishonest behavior and obstructed the proper administration of the taxation laws for his own benefit,” the TPB said.

“The TPB terminated his registration and imposed the maximum period of five years during which he may not apply for registration.

“The TPB considered a referral from the Australian Taxation Office that Mr Biantes had sought to report over \$10 million dollars of attributable income through an onshore component of capital gains, however despite numerous interactions with the ATO, concealed the existence of an offshore balance of over \$35 million dollars, through the creation of entities registered overseas to receive the proceeds.

“The TPB found that Mr Biantes: deliberately contrived an arrangement to avoid the tax implications of the sale of the business ... intentionally misled the ATO and obstructed the proper administration of the taxation laws; made false statements to the TPB ... and an application for renewal of registration; and repeatedly failed to comply with the taxation laws in the conduct of his affairs including in relation to ... timeliness and accuracy”.

“In addition to these Code ... breaches, the TPB also determined that Mr Biantes ceased to meet the tax practitioner registration requirements, in that he was no longer a fit and proper person as: the breaches of the Code reflected poorly on his honesty and integrity; and his conduct undermined the integrity of the taxation system.”

Wattle Health was in a suspension and last traded at 53 cents.

NEW SOUTH WALES FARMERS

New South Wales Farmers says it strongly opposes the registration of a new beta agonist drug for Australian beef feedlots "given the ... risk it poses to meat exports".

New South Wales Farmers said that the Australian Pesticides and Veterinary Medicines Association was currently considering the approval of Zilmax, a drug which uses the beta agonist zilpeterol as its active ingredient.

New South Wales Farmers cattle committee chair Derek Schoen said that drugs like zilpeterol were banned in major beef export destinations including China, Taiwan and the European Union because of human health concerns associated with beta agonists.

Mr Schoen said that the industry body opposed the use of beta agonists in Australian cattle "because most of our key trade markets have a zero tolerance to beta agonists, so approving their use is an unacceptable risk to Australia's meat export industry".

"The registration of Zilmax here could lead to a ban on Australian meat exports to some countries," Mr Schoen said. "Last year, China banned all Canadian meat exports for five months because a beta agonist was detected in pork imported from Canada."

"Australia's clean and green status would also be tarnished if Zilmax were to be approved," Mr Schoen said.

Mr Schoen said that New South Wales Farmers along with the Cattle Council of Australia and the Australian Meat Industry Council opposed the registration.

"We represent the majority view of the red meat supply chain in opposing the registration," Mr Schoen said.

"We are not disputing the science supporting the potential benefit of Zilmax to feedlot efficiency, but the drug's use is not worth the trade risk it presents," Mr Schoen said.

"Australian beef exports were worth almost \$10.5 billion in 2019 alone," Mr Schoen said.

"If we want Australian agriculture to become a \$100 billion sector by 2020, we cannot jeopardize the profitability of one of its main contributing industries," Mr Schoen said.

NEW SOUTH WALES FARMERS

New South Wales Farmers have asked the State Government "to press pause on any proposal to re-commence coal seam gas mining".

NSW Farmers president James Jackson said security of ground and other water sources was of paramount importance to farmers, communities and food and fibre production.

"Farmers fear that [coal seam gas] projects such as the Narrabri Gas project could pose a significant risk to the precious Great Artesian Basin, and a precautionary approach is essential," Mr Jackson said.

"We need 100 percent certainty that there will be no impact on the Basin," he said.

Mr Jackson said that a major farm insurer had flagged it would not insure farmers for public liability if they have coal seam gas (CSG) infrastructure on their property.

"This has left farmers in CSG hot spots wondering whether there is more to know about the risks of CSG development," Mr Jackson said.

Mr Jackson said his association was not opposed to coal seam gas and recognized the economic benefits for regional communities, "provided that the projects do not put at risk our precious water sources, soil and air quality".

Mr Jackson said the New South Wales Government should commission an independent review of the risks posed by CSG development to the Great Artesian Basin and other water sources and implement all of the recommendations of the chief scientist.

"Prime agricultural land must be reserved for food and fibre production," Mr Jackson said.

"Use of this land for mining or other industrial purposes is short sighted and poses a grave risk Australia's food security," Mr Jackson said.

WIDE OPEN AGRICULTURE

COMMONWEALTH SCIENTIFIC AND INDUSTRIAL RESEARCH ORGANISATION

Wide Open Agriculture says it has contracted the Commonwealth Scientific and Industrial Research Organisation to help produce a plant-based meat substitute.

In May, Wide Open said it had licenced technology from Curtin University to develop a plant-based lupin protein for human consumption (AVW: May 22, 2020).

This week, the company said the CSIRO's Food Innovation Centre would provide guidance and research services to aid Curtin University's protein extraction from lupin seeds, as well as produce 10kg to 15kg of food-grade lupin protein isolate using small-scale industrial equipment.

Wide Open said it would work with Curtin University to evaluate the functionality and quality of the lupin protein and investigate its potential use in meat, milk, egg and gluten-free substitute products.

The company said it would contribute \$57,500 to the project of a \$115,000 estimated cost, with matched funding from Food Innovation Australia's Industry Growth Centre.

Wide Open Agriculture was up two cents or five percent to 42 cents.

OPYL

Opyl says it expects to raise \$738,800 following commitments from new and existing shareholders for up to 7,388,000 shares at 10 cents a share.

Opyl said the funds would go to working capital as it gained new contracts for its digital and social media platforms.

The company said the placement price was a 23.1 percent discount to the last closing price on June 17, 2020, and Morgans Corporate was the lead manager to the placement.

Opyl was down three cents or 23.1 percent to 10 cents.

MEMPHASYS

Memphasys says it is on track for the first commercial sales of its Felix sperm separation device this year, despite delays caused by the Covid-19 pandemic.

Memphasys said that following the recommencement of elective surgeries in Australia, its partner and key opinion leader site Monash IVF had resumed in-vitro fertilization services and testing of the Felix device.

The company said final Felix key opinion leader trial outcomes would be delayed due to Covid-19 restrictions in the US, Canada, Europe, India and Iran.

Memphasys said it expected to complete installation and test runs of equipment for final cartridge manufacturing and cleanroom certification by the end of July 2020.

The company said that due to its "strong financial position" the line of credit with chair Alison Coutts had been terminated (BD: Feb 23, 2018).

Memphasys was up 0.2 cents or 3.7 percent to 5.6 cents.

ROOTS SUSTAINABLE AGRICULTURAL TECHNOLOGIES

Roots says the Bnei Atarot, Israel-based vegetable supplier Hydro Grow Farm has paid \$17,000 for its third order of the root zone temperature optimisation (RZTO) technology.

Roots said it expected the RZTO system to be installed in time for Israel's summer.

Roots was up 0.4 cents or 25 percent to two cents with 1.3 million shares traded.

PHARMAUST, WALTER AND ELIZA HALL INSTITUTE OF MEDICAL RESEARCH

Pharmaust says the Walter and Eliza Hall Institute has confirmed that monepantel and monepantel sulfone reduces Sars-Cov-2 infectivity in-vitro “by up-to ... 95 percent”.

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).

Today, the company said repeat experiments at Melbourne’s Walter and Eliza Hall Institute showed that the infectivity of severe acute respiratory syndrome coronavirus-2 (Sars-Cov-2) virus particles “can be suppressed by up-to approximately 95 percent in cell cultures” by either monepantel or monepantel sulfone.

Earlier this month, Pharmaust said monepantel and monepantel sulfone reduced Sars-Cov-2 replication and cell-to-cell infectivity by 50 percent to 95 percent, in-vitro, with the lowest inhibition value from the tissue culture infectious dose (TCID50) assay measured at about 50 percent and the highest value at about 95 percent (BD: Jun 4, 2020).

Today, the company said that the confirmation tests repeated the TCID50 method.

Pharmaust said it was in discussions with WEHI for the next steps to explore the significance of the work, including comparisons with other mammalian target of rapamycin (mTOR) inhibitors and current anti-viral drugs used to emergency treatment of Covid-19.

Walter and Eliza Hall Institute researcher Prof Marc Pellegrini said the “repeat results validate the results of the initial test and form strong grounds for progressing the drug to the next step”.

“Demonstrating twice that infectivity of Sars-Cov-2 virus particles can be suppressed by up-to approximately 95 percent in cell cultures is a remarkable outcome,” Prof Pellegrini said. “We intend to continue collaborating with Pharmaust with preclinical experimentation to support their progress.”

Pharmaust’s chief scientific officer Dr Richard Mollard said that “the reproducible nature of this work in-vitro paves a propitious pathway for continued evaluation”.

Pharmaust was unchanged at 13.5 cents with 4.2 million shares traded.

WATTLE HEALTH AUSTRALIA

Wattle Health says the Corio Bay Dairy Group has cancelled a milk supply deal with Organic Dairy Farmers of Australia due to the latter entering voluntary administration. Last month, Wattle Health said Organic Dairy Farmers of Australia (ODFA), one of its partners in the Corio Bay joint-venture, went into voluntary administration on May 15, 2020 (AVW: May 22, 2020).

This week, the company said the termination of the supply deal would allow Corio Bay to source additional fresh organic milk elsewhere, and negotiate a new deal with ODFA.

CANN GROUP

Cann Group says it will issue the Commonwealth Scientific and Industrial Research Organisation 325,272 shares for “the provision of research and development services”.

In 2018, Cann Group said it had a three-year research and development agreement with the CSIRO to develop technology for the manufacture and sale of its medical marijuana products (BD: Oct 25, 2018).

Cann Group was unchanged at 94 cents.

MGC PHARMACEUTICALS

MGC says it will sell subsidiary MGC Nutraceuticals to the New York-based Onassis Holdings Corp for \$US6 million (\$A8.7 million) worth of Onassis shares.

MGC said the it had an agreement with Onassis to supply cannabidiol, raw materials and intellectual property for the future production and manufacturing of food additive products, conditional to continuing to product products in Europe.

The company said it had the right to appoint one director to the Onassis board and the transaction would be settled within 150 days of signing the agreement.

MGC was up 0.1 cents or 4.35 percent to 2.4 cents with 1.15 million shares traded.

CANN GLOBAL

Cann Global says it has identified a marijuana strain that can stop the progression and reverse the damage of multiple sclerosis through in-vitro and mouse studies.

Cann Global said the studies at the Haifa, Israel Technion, aimed to match marijuana extracts that regulated or modulated immune function to optimize multiple sclerosis treatment.

The company said it compared five marijuana strain 'chemovars', or chemical entities, with a control for one hour of treatment on human CD4 T-cells, in-vitro.

Cann Global said that CD4 T-cells played a central role in immune protection and it found that different chemovars had different killing abilities, identifying one that could effectively kill CD4 T cells that had become destructive.

Cann Global said it found that proliferating human CD4 T cells were more sensitive to treatment with marijuana chemovars than resting T cells.

The company said that three chemovars reduced paralysis and one chemovar was detrimental and inhibited natural recovery potential.

The company said the Technion was working to isolate and identify molecules within the marijuana strain responsible for the therapeutic effect to develop a pharmaceutical product to safely treat multiple sclerosis without side effects.

Cann Global was unchanged at 0.7 cents with 5.6 million shares traded.

MGC PHARMACEUTICALS

MGC says it has a five-year, exclusive, binding term sheet with Israel's IM Cannabis Corp to import, sell and distribute its marijuana-based Cannepil for epilepsy in Israel.

MGC said it was in discussions with Israel's Ministry of Health for phase IIb clinical trial approval and for early access scheme approval to sell Cannepil.

THC (THE HYDROPONICS CO) GLOBAL GROUP

THC says it has a supply and manufacturing agreement with Brisbane's Cannatrek to produce its Canndeo marijuana and Cannatrek medicines at its Southport facility.

THC said Cannatrek would supply a minimum of 480kg of dried marijuana flower, including 240kg for Canndeo and 240kg for Cannatrek medicines.

THC was untraded at 38 cents.

NUFARM

Ellerston Capital and associates say they have reduced their substantial shareholding in Nufarm from 40,499,410 shares (10.67%) to 30,634,500 shares (8.07%).

The Sydney-based Ellerston said that between May 15 and June 11, 2020 it sold 9,864,910 shares for \$47,441,042 or an average of \$4.81 a share.

Nufarm was up 10 cents or 2.25 percent to \$4.54 with 3.9 million shares traded.

CLEAN SEAS SEAFOOD

GCI CSS (Hofseth & Nevera) says it has become a substantial shareholder in Clean Seas with 10,000,000 shares or 9.44 percent of the company.

In April, Clean Seas said Roger Hofseth and James Berger's entity GCI CSS (Hofseth & Nevera) would take 9.7 percent of Clean Seas, buying 10,000,000 shares for \$5 million (AVW: Apr 9, 2020).

In its substantial shareholder notice, the New York-based GCI CSS said that on April 15, 2020 it bought 4,000,000 shares for \$2,000,000 or 50 cents a share and on May 29 bought 6,000,000 shares for \$3,000,000 or 50 cents a share.

Clean Seas was unchanged at 62 cents.

MURRAY COD AUSTRALIA

One Funds Management says it has increased its substantial shareholding in Murray Cod from 22,220,570 shares (6.18%) to 35,000,000 shares (6.21%).

Earlier this month, the Sydney-based One Funds said it had become substantial in the company with 29,220,570 shares or 5.18 percent, having acquired shares between December 13, 2019 and June 1, 2020 (AVW: Jun 5, 2020).

One Funds and its executive director Frank Tearle were contacted to clarify the discrepancy but at the time of publication a reply had not been received.

In its most recent substantial shareholder notice, One Funds said that between June 1 and 12, 2020 it acquired 5,779,430 shares for \$665,278 or 11.5 cents a share.

Murray Cod was unchanged at 12.5 cents.

ELDERS

Elders says Shannon Doecke will replace Sanjeeta Singh as joint company secretary, effective from July 1, 2020.

Elders said Ms Singh would stay on as the company's head of risk, safety and environment, while Peter Hastings would be the principal company secretary.

Elders was up 24 cents or 2.55 percent to \$9.65 with 833,414 shares traded.