

# Ag & Vet Weekly



Monday July 13 – Friday July 17, 2020

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

- \* JULY 17: ASX UP, AVW-44 DOWN: ANATARA UP 11.5%; ROOTS DOWN 14%
- \* CANN GROUP RAISES \$14.3m, PLAN FOR \$10m MORE; RECEIPTS UP 17%
- \* ALTHEA FULL YEAR CUSTOMER RECEIPTS \$4.6m
- \* FONTERRA REVISES 2019-'20, 2020-'21 FARMGATE MILK PRICES
- \* PALLA: \$8m UK CONTRACT; NORWAY FACILITY APPLIES FOR APPROVAL
- \* THC SHARE PLAN RAISES \$1.5m, TOTAL TO \$8.1m
- \* NANOLLOSE SUPPORTS COVID-IMPACTED PARTNER GRASIM
- \* ECOFIBRE: TWO US TRIALS OF CBD FOR NEUROPATHY, AGITATION
- \* PHARMAUST: MONEPANTEL DOG CANCER TRIAL REPORT WITH ELANCO
- \* AUSCANN UNMARKETABLE PARCEL FACILITY
- \* AVECHO: 31% OPPOSITION TO EQUITY INCENTIVE PLAN
- \* MGC LICENCE TO GROW MARIJUANA FOR RMIT RESEARCH
- \* CANN GLOBAL RELEASES 706m SHARES FROM ASX ESCROW
- \* IFM DILUTED TO 16% IN CLEAN SEAS
- \* SCOBIE WARD TAKES 8.75% OF TERRAGEN
- \* L1 BELOW 5% IN CRESO
- \* CANN GROUP APPOINTS JENNI PILCHER DIRECTOR

## MARKET REPORT

The Australian stock market was up 0.38 percent on Friday July 17, 2020, with the ASX200 up 22.7 points to 6,033.6 points.

Twelve of the AVW-44 stocks were up, 19 fell, 10 traded unchanged and three were untraded.

Anatara was the best, up 1.5 cents or 11.5 percent to 14.5 cents, with 10,000 shares traded. Palla Pharma rose 9.4 percent; Nanollose was up five percent; MGC and Select Harvests climbed more than four percent; Cannpal, Creso and Elixinol improved more than three percent; A2 Milk and Regeneus were up more than two percent; Opyl rose 1.2 percent; with Bubs up by 0.5 percent.

Roots led the falls, down 0.3 cents or 14.3 percent to 1.8 cents, with 693,850 shares traded. Cann Group fell 12.2 percent; Memphasys lost 8.6 percent; Avecho was down 6.7 percent; Apiam fell 4.3 percent; Clean Seas, Food Revolution, Ridley, Synlait and Wide Open Agriculture shed more than three percent; Althea, Clover, Ecofibre and Nufarm lost two percent or more; Costa and Next Science were down more than one percent; with Bega, Elders and Fonterra down by less than one percent.

## CANN GROUP

Cann Group says it hopes to raise \$24.3 million through a placement and share plan at 40 cents a share, with receipts from up 17.4 percent for the year to June 30, 2020.

Cann Group said it had raised \$14.3 million through a placement to sophisticated and institutional investors and hoped to raise an additional \$10 million through a share plan. The company said the placement was oversubscribed and was a 56 percent discount to the 10-day volume weighted average price.

Cann said the share plan record date was July 16, it would open on July 22 and close on August 12, 2020.

The company said the proceeds from the capital raising would be used to provide working capital.

Separately, in an Appendix 4C quarterly report, Cann said receipts from customers for the year to June 30, 2020 was up 17.4 percent to \$1,721,000.

The company said that it had \$1,639,000 in cash and cash equivalents at June 30, 2020. Cann Group fell 10 cents or 12.2 percent to 72 cents with 4.7 million shares traded.

## ALTHEA GROUP HOLDINGS

Althea says its customer receipts for the year to June 30, 2020 were \$4,563,000, compared to \$524,000 for the first year of operations to June 30, 2019.

Althea said that the receipts came primarily from sales of its medical marijuana products. The company said receipts from customers for the three months to June 30, 2020 were up 2.74 percent to \$1,530,000, compared to the three months to March 31, 2020 which had receipts of \$1,488,000.

Althea said it had cash and cash equivalents of \$10,397,000 at June 30, 2020, providing cash for 6.18 quarters.

Althea fell one cent or 2.7 percent to 36 cents.

### FONTERRA CO-OPERATIVE GROUP

Fonterra says it has narrowed its 2019-'20 and 2020-'21 forecast Farmgate milk prices. Fonterra said it narrowed its 2019-'20 forecast from \$NZ7.10 to \$NZ7.30 per kilogram of milk solids (kg/MS) to \$NZ7.10 to \$NZ7.20 per kg/MS, with the 2020-'21 forecast narrowed from \$NZ5.40 to \$NZ6.90 per kg/MS to \$NZ7.10 to \$NZ7.20 per kg/MS. Fonterra said the amount paid to farmers, calculated at the forecast's midpoint, had changed accordingly, down from \$NZ7.20 to \$NZ7.15 per kg/MS for 2019-'20 and up from \$NZ6.15 to \$NZ6.40 per kg/MS.

Fonterra chief executive officer John Monaghan said the narrowing of the 2019-'20 milk price toward the lower end of the previous range was the result of a strengthening of the New Zealand dollar against the US dollar in the past two months.

Mr Monaghan said the lift to the bottom of the 2020-'21 forecast range was driven predominantly by improved market conditions in China.

"After an initial shock due to Covid-19, dairy consumption in China is recovering with more people spending on food. We're seeing customers ramp up promotional activity as they look to catch up on the sales losses incurred over lockdown," said Mr Monaghan.

"While there is still a high level of uncertainty in our global markets, we do see a lowering level of risk and this supports a decision to lift the bottom end of the price range," said Mr Monaghan.

"It's very early in the new season and we are keeping a close eye on consumer demand and production from the key milk producing regions," said Mr Monaghan.

"Milk supply from the EU, US and Latin America is increasing despite the impact of Covid-19, and there continues to be uncertainty around how the global recession and the potential for a second wave of Covid-19 globally could impact demand," said Mr Monaghan.

Fonterra said it would announce the final 2019-'20 milk price as part of its annual result in September.

Fonterra fell one cent or 0.3 percent to \$3.62.

### PALLA PHARMA (FORMERLY TASMANIAN POPPY INDUSTRY ENTERPRISES)

Palla Pharma says it has extended its contract with an unnamed UK customer to supply 270 million codeine phosphate tablets for \$8 million.

Palla said it would supply the codeine phosphate between 2020 and 2021 under the contract, which designated a minimum of eight tonnes of supply and represented about four months of its annual finished dose formulation packaging capacity.

The company said each tonne of codeine phosphate tableted would generate revenue in excess of \$1 million, compared to \$500,000 when sold as an active pharmaceutical ingredient.

Palla said its Norway production facility had begun the process to list as an approved manufacturing site for its recently acquired marketing authorizations, with a codeine paracetamol caplet to be the first product manufactured.

The company said it expected stability testing for the codeine paracetamol caplets to start in early August and to make an approval submission to the UK's Medicines and Healthcare products Regulatory Agency (MHRA) in early September.

Palla said the price for generic codeine paracetamol combinations had "significantly increased" over the last six months, from GBP1.90 (\$A3.42) to about GBP2.40 (\$4.32) per 100 caplet pack, due a major UK producer recently losing its MHRA licence as well as a world shortage of paracetamol supply.

Palla Pharma was up 7.5 cents or 9.4 percent to 87.5 cents.

### THC GLOBAL GROUP

THC says its share purchase plan has raised \$1,535,000 at 30 cents a share, taking the total amount raised following last month's institutional placement to \$8,136,000.

Last month, THC said it raised \$6.6 million through a placement to institutional and sophisticated investors at 30 cents a share (AVW: Jun 26, 2020).

This week, the company said the funds would go towards working capital, as well as expanding its finished goods capabilities into additional medicine forms and developing new information technology infrastructure for doctors and pharmacies supplying medicinal marijuana products from its Canndeo and Tetra Health brands.

THC was unchanged at 27.5 cents.

### NANOLLOSE

Nanollose says it was unaffected by Covid-19 restrictions in Western Australia but that lockdowns had impacted its partners Grasim Industries and Hainan Yeguo Foods Co. Nanollose said it had increased capabilities and capacity at its Western Australia facilities, partly to support the Nagda, India-based Grasim Industries, improving and refining its process to transform waste material into microbial cellulose for production of its Nullarbor tree-free fibre.

In January, the company said it would work with Grasim, part of the India-based Aditya Birla Group, to develop and commercialize tree-free fibres (AVW: Jan 31, 2020).

Nanollose said it had worked with the Haikou, China-based Hainan during lockdown to refine technical specifications for its microbial cellulose product and the company was once again operational.

Nanollose was up 0.2 cents or five percent to 4.2 cents.

### ECOFIBRE

Ecofibre says it will conduct two US phase II trials of its cannabidiol for agitation and chemotherapy-induced neuropathy.

Earlier this month, Ecofibre said it had begun a 100-patient, phase II trial of its Ananda Health cannabidiol (CBD) for chemotherapy-induced peripheral neuropathy (CIPN) at Philadelphia's Lankenau Institute for Medical Research (AVW: Jul 3, 2020).

This week, the company responded to an ASX request and said the trial, titled 'Coala-T-CBD', would assess the severity and duration of CIPN for non-metastatic breast, colorectal and ovarian cancer patients over 21 years of age, administering three daily doses of CBD for 12 weeks or a placebo.

The company said the primary endpoints included change in touch sensation, pain, vibration sensation, quality of life, CIPN symptom severity, pain severity and sleep quality. Ecofibre said the trial was expected to be completed by October 1, 2021 expected primary completion date and April 1, 2022 expected study completion date.

The company said the second study would be a 40-patient, phase II, randomized, double-blind trial of cannabidiol oil for agitation, sleep and mood in Alzheimer's disease patients. Ecofibre said the trial would administer 15mg of CBD oil twice a day for six weeks or a placebo to patients between 50 and 90 years of age.

The company said the primary endpoints included change in agitation and aggression, caregiver burden, patient quality of life and caregiver quality of life.

Ecofibre said the trial, at the Norfolk-based Eastern Virginia Medical School was expected to begin this month, with a study completion date of December 2021.

Ecofibre fell six cents or 2.6 percent to \$2.25.

### PHARMAUST

Pharmaust says it has delivered the final report on its phase II monepantel dog cancer trial to the US-based Eli Lilly subsidiary Elanco.

In 2018, Pharmaust said it had an option agreement with Elanco, through which Elanco would supply monepantel for clinical trials and would have six months following receipt of the final report to take up a royalty-bearing commercial licence to use its intellectual property for cancer in animals (BD: Apr 18, 2018).

The company said it would have a further six months to negotiate for an agreement.

Pharmaust was unchanged at 20.5 cents with 1.1 million shares traded.

### AUSCANN

Auscann says it has a share sale facility for holders of unmarketable parcels of shares, worth less than \$500, based on 15.0 cents a share on the record date of July 16, 2020.

Auscann said that 14,622 of its 23,079 shareholders would be eligible to participate in the facility.

The company said the facility would allow shareholders to sell shares without brokerage or handling costs and allow the company to reduce administrative costs.

Auscann said the closing date for the facility would be September 4, 2020.

Auscann was unchanged at 15 cents.

### AVECHO BIOTECHNOLOGY

Avecho says its annual general meeting has passed five of six resolutions easily, but with 30.6 percent opposition to the equity incentive plan.

Avecho said 125,277,031 votes (30.64%) opposed the plan, with 283,559,295 votes (69.36%) in favor.

According to the company's annual report for the year to December 31, 2019, it had 1,577,457,420 shares on offer, meaning the opposition to the equity incentive plan amounted to 7.94 percent, sufficient to call extraordinary general meetings.

Avecho fell 0.05 cents or 6.7 percent to 0.7 cents.

### MGC PHARMACEUTICALS

MGC says the Australian Office of Drug Control has issued a cultivation permit to grow marijuana for research with the Royal Melbourne Institute of Technology.

MGC said the botanical research projects included cultivating and breeding strains to test against cancer cells to optimize efficacy.

The company said it would focus on identifying new cannabinoids and formulas to find new treatments, initially screening for anti-cancer activity for melanoma, prostate and other cancer cells.

MGC was up 0.1 cents or 4.35 percent to 2.4 cents with 2.75 million shares traded.

### CANN GLOBAL

Cann Global says it will release 705,804,687 shares from ASX escrow on July 19, 2020.

According to Cann Global's most recent Appendix 2A, the company will have 2,848,955,456 shares on issue following the release of shares, with a further 541,033,587 shares remaining in ASX escrow until August 23, 2021.

Cann Global was unchanged at 0.5 cents with 4.15 million shares traded.

### CLEAN SEAS SEAFOOD

IFM Independent Fund Management AG says its 17,316,869 share-holding in Clean Seas has been diluted from 17.32 percent to 15.90 percent.

The Liechtenstein-based IFM said that it was diluted on July 8, 2020 through a change in the number of outstanding shares.

Last month, Clean Seas said it issued 6,000,000 shares to Roger Hofseth and James Berger's entity GCI CSS (Hofseth & Nevera) at 50 cents a share (AVW: Jun 5, 2020).

Clean Seas fell two cents or 3.6 percent to 53 cents.

### TERRAGEN HOLDINGS

Scobie Ward says he has increased his substantial shareholding in Terragen from 14,400,000 shares (7.71%) to 16,347,114 shares (8.75%).

The Dunedin, New Zealand-based Mr Ward said that between May 19 and July 10, 2020, he bought 1,947,114 shares for \$335,567 or 17.2 cents a share.

Terragen was unchanged at 22 cents.

### CRESO PHARMA

L1 Capital Global Opportunities Master Fund says it has ceased to be a substantial shareholder in Creso.

Last month, the Cayman Islands-based L1 said it had become substantial with 17,968,888 shares or 6.44 percent of the company and later ceased to be substantial (BD: Jun 9, 16, 2020).

L1 said it become substantial in Creso again with 25,148,554 shares or 7.35 percent of the company (BD: Jun 29, 2020).

Today, L1 said that on July 11, 2020 it disposed of 8,287,908 shares.

Biotech Daily calculates that L1 now holds 16,860,646 shares or 4.7 percent of the company.

Creso was up 0.1 cents or 3.45 percent to three cents with three million shares traded.

### CANN GROUP

Cann Group says it has appointed Jenni Pilcher as a director, pending statutory clearance from the Department of Health's Office of Drug Control.

Cann said Ms Pilcher was the chief financial officer and company secretary of Mach7 Technologies and had previously held executive roles with Alchemia and Mesoblast.

The company said Ms Pilcher held a Bachelor of Business Studies from New Zealand's Massey University.