

Ag & Vet Weekly



Monday July 27 – Friday July 31, 2020

All the news on ASX-listed agriculture and veterinary companies

- * JULY 31: ASX, AVW-44 DOWN: CANN GLOBAL UP 11%; OPYL DOWN 11%
- * NSW FARMERS: TIGHTER FOREIGN INVESTMENT REVIEW OVER \$5m
- * NUFARM: CANADA APPROVES NUSEED CANOLA-SOURCED OMEGA-3
- * PROAGNI USING KANGAROO TO IMPROVE SHEEP, CATTLE
- * BUBS RECEIPTS UP 65.4% TO \$66.2m, LAUNCHES VITA BUBS RANGE
- * TASFOODS H1 RECEIPTS UP 60% TO \$33m
- * ECOFIBRE REVENUE UP 42% TO \$51m, PROFIT UP 119% TO \$13m
- * ECOFIBRE PAYS \$59m FOR TEXINNOVATE
- * MURRAY COD RECEIPTS UP 15.5% TO \$4.2m
- * PHARMAUST RECEIPTS DOWN 7.7% TO \$3.5m
- * OCEAN GROWN ABALONE RECEIPTS DOWN 1% TO \$2.85m
- * MGC RECEIPTS UP 27% TO \$2.1m
- * TERRAGEN RECEIPTS \$1.6m
- * WIDE OPEN RECEIPTS \$1.4m
- * AUSTRALIAN PRIMARY HEMP RECEIPTS OF \$1.2m
- * WATTLE HEALTH RECEIPTS UP 35% TO \$1.1m
- * YARRA FUNDS BELOW 5% IN ELDERS
- * ELIXINOL JAPAN MARIJUANA DEAL; APPOINTS PHARMACANN
- * ELIXINOL AGM: 19% OPPOSITION TO DUFF, ELLERY LEAVING RIGHTS
- * MGC: MICE SURVIVE ARTEMIC FOR SARS-COV-2 TOXICOLOGY STUDY
- * CANN GROUP NOTES CONVERT TO 17m SHARES
- * CANN GLOBAL RIGHTS RAISE \$2.2m OF HOPED-FOR \$4.7m
- * JOHN GILLAM TO REPLACE NUFARM CHAIR DONALD McGAUCHIE
- * TASSAL DIRECTOR TREVOR GERBER TO RETIRE
- * TERRAGEN APPOINTS TRAVIS DILLON CHAIR, DIRECTORS GO

MARKET REPORT

The Australian stock market was down two percent on Friday July 31, 2020, with the ASX200 down 123.3 points to 5,927.8 points. Thirteen of the AVW-44 stocks were up, 25 fell, five traded unchanged and one was untraded.

Cann Global was the best, up 0.05 cents or 11.1 percent to 0.5 cents, with 3.2 million shares traded. Memphasys rose 9.5 percent; Roots was up 8.3 percent; Nanollose, Murray Cod, Regeneus and Terragen climbed four percent or more; AP Hemp and THC improved y more than three percent; Ecofibre was up 2.9 percent; Huon Aquaculture rose 1.3 percent; with Fonterra and Ridley up by less than one percent.

Opyl led the falls, down 1.1 cents or 11.0 percent to 8.9 cents, with one share traded, followed by MGC, down 8.7 percent to 2.1 cents, with 4.7 million shares traded. Anantara, Costa and Next Science lost more than six percent; Elixinol and Ocean Grown fell more than five percent; A2 Milk, Cannpal, Palla Pharma, Tasfoods and Tassal were down three percent or more; Apiam, Elders, Nufarm, Pharmaust, Select Harvests and Wide Open shed two percent or more; Althea, Bega, Bubs, Cann Group, Seafarms and Synlait lost more than one percent; with Clover down 0.9 percent.

NEW SOUTH WALES FARMERS

New South Wales Farmers says it wants stricter review of foreign investment in agricultural land, with the threshold lowered from \$60 million to \$5 million.

NSW Farmers president James Jackson said that “while foreign investment plays an important role in Australian agriculture, it cannot be at the expense of local investment”. “Australia has a review strategy in place and we support the role of the Foreign Investment Review Board (FIRB), but we believe the threshold for review should be lowered in order to recognize the value of agriculture to the Australian economy,” Mr Jackson said.

“Currently, the FIRB is required to approve investments over \$60 million,” Mr Jackson said. “NSW Farmers considers that the FIRB should be required to review all foreign investments in agricultural land valued at or above \$5 million,” Mr Jackson said.

NSW Farmers is concerned by a lack of accountability following the approval.

“There is no process in place to ensure the conditions of FIRB approval are adhered to once the purchase is approved,” Mr Jackson said.

“NSW Farmers is calling for an independent unit to be established to monitor and police ongoing compliance with FIRB approvals,” Mr Jackson said.

“Without ongoing accountability, our prime farm land is at risk,” Mr Jackson said.

NUFARM

Nufarm says Canadian regulatory authorities have approved its Nuseed Omega-3 oil for cultivation, use in aqua-feed and livestock feed and for human consumption.

Nufarm said the oil was the world’s first plant-based source of long-chain omega-3 fatty acids, which provided an alternative to omega-3 oils sourced from fish.

The company said it had applied for regulatory approval in other relevant countries.

Nufarm chief executive officer Greg Hunt said the Canadian approvals were particularly important, as Canada was “the world’s largest market for canola cultivation and also the third largest producer of farmed salmon”.

Nufarm fell 11 cents or 2.7 percent to \$4.02 with 2.5 million shares traded.

PROAGNI

Proagni says it is developing technologies to reduce grass-to-grain transition from weeks to days and potentially cut livestock emissions by mimicking kangaroo biology.

The Albury, New South Wales based Proagni said it had commercialized its first product Protect - a non-antibiotic feed supplement for sheep and cattle.

The company said it was “devoted to developing scientifically-validated livestock feed products that remove unnecessary additives from the food chain, enhance animal health and welfare, reduce costs to farmers and decrease the environmental impacts of agriculture”.

Proagni chief executive officer Lachlan Campbell said the Protect range maintained growth and animal health by controlling rumen pH and preventing lactic acidosis, which removed the need for antibiotic growth promotants and had generated \$3.5m in retail sales.

“We are well down the track of commercializing our next product, shelf-stabilized, dry probiotics [obligate anaerobes] which will reduce the induction time from grass to grain from 14 days to three,” Mr Campbell said.

“Our [research and development] is also focussing on kangaroos and their ability to thrive in arid environments on minimal feed and water, and how we can potentially cut livestock emissions by mimicking the biology of the kangaroo gut,” Mr Campbell said.

“One of the most convenient and effective ways to optimize rumen function, create feed efficiency and reduce emissions is to manipulate diet,” he said.

“The microbial population in the rumen is responsible for the breakdown of feed and can provide around 80 percent of an animal’s energy and protein requirements; but when it is not working efficiently, it uses more resources and produces unwanted emissions such as methane and nitrous oxide from the fermentation process,” Mr Campbell said.

“Proagni’s focus is on promoting beneficial bacteria in the gut microbiome, limiting harmful ones and supporting the rumen to do its job efficiently,” Mr Campbell said. “The right bugs in the right place at the right time.”

Proagni said it was a finalist for the \$US100,000 Future Food Asia Award, a Singapore-based platform founded by ID Capital Pte Ltd for agriculture and food technology innovation in the Asia-Pacific region.

The company said it won gold for agricultural innovation at the 2020 Edison Awards, won the 2018 Beef Australia ‘Pitch in the Paddock’ and was a finalist in Meat and Livestock Australia’s 2018 Producer Innovation Awards.

Proagni is a private company.

BUBS AUSTRALIA

Bubs says receipts from customers for the year to June 30, 2020 were up 65.4 percent to \$66,208,000 and will sell its Vita Bubs vitamin supplements at Chemist Warehouse.

Bubs said receipts from customers for the three months to June 30, 2020 were up 13.9 percent to \$16,780,000.

The company said receipts were from its infant nutrition and goat dairy products.

Bubs said it had cash and cash equivalents of \$26,026,000 at June 30, 2020 compared to \$23,291,000 at June 30, 2019 and had an estimated five quarters of funding.

The company said it had launched its Vita Bubs infant and children’s vitamin and mineral supplements at 400 Chemist Warehouse stores, available from October 2020.

Bubs said it planned to launch the Vita Bubs range internationally in 2020, including sales in China, Vietnam, Hong Kong, Singapore and Malaysia.

Bubs fell one cent or 1.1 percent to 90 cents with 4.55 million shares traded.

TASFOODS

Tasfoods says receipts from customers for the six months to June 30, 2020 were up 59.8 percent to \$33,061,000.

Tasfoods said receipts from customers for the three months to June 30, 2020 were up 53.2 percent to \$16,309,000.

The company said receipts were from sales of its dairy and poultry products.

Tasfoods said it had cash and cash equivalents of \$1,290,000 at June 30, 2020 compared to \$6,984,000 at June 30, 2019 and had an estimated 58 quarters of funding.

Tasfoods fell 0.3 cents or 3.2 percent to nine cents with 1.2 million shares traded.

ECOFIBRE

Ecofibre says revenue for the year to June 30, 2020 was up 42.4 percent to \$50,717,000 with net profit after tax up 119.3 percent to \$13,156,000.

Earlier this month, Ecofibre said it would conduct two US phase II trials of its cannabidiol for agitation, sleep and mood in Alzheimer's disease patients and chemotherapy-induced neuropathy (BD: Jul 17, 2020).

Today, the company said revenue included \$46,819,000 from its Ananda Health hemp-based food additives, \$1,469,000 from its Ananda Food hemp-based food products and \$2,429,000 from its Hemp Black hemp-based fibre products.

Ecofibre said diluted earnings per share were up 100 percent to 4.34 cents, net tangible assets per share were up 41.9 percent to 19.6 cents and it had cash and cash equivalents of \$18,252,000 at June 30, 2020 compared to \$25,740,000 at June 30, 2019.

Ecofibre was up seven cents or 2.9 percent to \$2.50.

ECOFIBRE

Ecofibre says it has a conditional agreement to pay \$US42,000,000 (\$A58,605,540) for the businesses and assets of its North Carolina manufacturer Texinnovate.

Ecofibre said the assets included five businesses with "deep technical expertise" across textile disciplines, including Triad Polymers, Trident Fibers, Fibex, Knitmasters and Texinnovate.

The company said the agreement included \$US10,500,000 in cash and the equivalent in shares by September 1, 2020 and a \$US21,000,000 earnout, payable in three equal tranches at three, four and five years from completion.

Ecofibre said it would also pay \$US7,000,000 in consideration for real estate, which would be determined by independent market appraisal.

MURRAY COD AUSTRALIA

Murray Cod says it receipts from customers for the 12 months to June 30, 2020 were up 15.5 percent to \$4,217,000 compared to the previous corresponding period.

Murray Cod said the customer receipts came from sales of pond-raised fish in Australia, and pre-Covid-19 sales in Japan, Europe, the US, Singapore and Hong Kong.

The company said customer receipts for the three months to June 30, were up 85.7 percent, despite no international export sales, and it had resumed exports to Japan and the US and expected shipments to Europe to recommence in August 2020.

The company said it had cash and cash equivalents of \$6,075,000 at June 30, 2020 compared to \$2,986,000 at June 30, 2019.

Murray Cod was up 0.5 cents or four percent to 13 cents.

PHARMAUST

Pharmaust says receipts from customers for the year to June 30, 2020 were down 7.7 percent to \$3,509,000 compared to the previous corresponding period.

Pharmaust said receipts from customers from subsidiary Epichem's medicinal chemistry contracts for the three months to June 30 fell 16.7 percent to \$624,000.

The company said it had cash and cash equivalents of \$2,877,000 at June 30, 2020 compared to \$2,089,000 at June 30, 2019.

Pharmaust fell 0.5 cents or 2.9 percent to 17 cents with two million shares traded.

OCEAN GROWN ABALONE

Ocean Grown Abalone says receipts from customers for the year to June 30, 2020 were down 0.7 percent to \$2,854,000.

Ocean Grown said receipts from customers from sales of its abalone for the three months to June 30 were down 59.9 percent to \$686,000, with increased domestic sales making up for a reduced international demand due to the Covid-19 pandemic.

Ocean Group said it had cash and cash equivalents of \$2,779,000 at June 30, 2020 compared to \$2,572,000 at June 30, 2019.

Ocean Grown Abalone fell 0.5 cents or 5.6 percent to 8.5 cents.

MGC PHARMACEUTICALS

MGC says its receipts from customers for the year to June 30, 2020 were up 27.3 percent to \$2,112,000 but had one quarter of cash at June 30.

MGC said its receipts came primarily from its medical marijuana-based products including Cannepil and MXP100 for epilepsy.

The company said it had cash and cash equivalents of \$1,877,000 at June 30, 2020 compared to \$2,355,000 at June 30, 2019.

MGC fell 0.2 cents or 8.7 percent to 2.1 cents with 4.7 million shares traded.

TERRAGEN

Terragen says inaugural receipts from customers for the year to June 30, 2020 were \$1,595,000.

Terragen said the receipts were from sales of its Mylo microbial feed supplement for animals, and Great Land, the company's microbe-containing soil conditioner.

The company said it had cash and cash equivalents of \$16,377,000 at June 30, 2020 compared to \$17,750,000 at March 30, 2020 and had an estimated 13 quarters of funding.

Terragen was up one cent or 4.55 percent to 23 cents.

WIDE OPEN AGRICULTURE

Wide Open says its receipts from customer for the 12 months to June 30, 2020 were \$1,390,962 compared to \$28,639 for the year to June 30, 2019.

Wide Open said its customer receipts from sales of its regenerative food products were up 1,864.9 percent for the three months to June 30, 2020, compared to the previous corresponding period, following the company listing on the ASX in July 2018.

Wide Open said it had cash and cash equivalents of \$4,431,385 at June 30, 2020, which would fund 15 quarters of operations, compared to \$3,280,078 at June 30, 2019.

Wide Open Agriculture fell one cent or 2.2 percent to 44 cents.

AUSTRALIAN PRIMARY HEMP

Australian Primary Hemp says inaugural receipts from customers for the year to June 30, 2020 were \$1,162,000.

Australian Primary Hemp said the receipts were from sales of its hemp-based products, including a hand sanitizer launched last month.

The company said it had cash and cash equivalents of \$2,345,000 at June 30, 2020 compared to \$609,000 at June 30, 2019 and had an estimated 5.45 quarters of funding. Australian Primary Hemp was up 0.5 cents or 3.45 percent to 15 cents.

WATTLE HEALTH AUSTRALIA

Wattle Health says its receipts from customers for the year to June 30, 2020 were up 34.7 percent to \$1,119,000 compared to the previous corresponding period.

Wattle said the customer receipts came from sales of its Uganic infant formula and its Little Innoscents organic baby skincare range through Australian pharmacy chain Chemist Warehouse.

The company said that the sales were "strong and encouraging" despite the impact of the Covid-19 pandemic.

Wattle said it had cash and cash equivalents of \$1,023,000 at June 30, 2020 compared to \$28,061,975 at June 30, 2019.

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

ELDERS

The Melbourne-based Yarra Funds Management says it has ceased to be a substantial shareholder in Elders.

In May, Yarra Funds said that it had reduced its substantial shareholding to 9,595,626 shares or 6.16 percent of the company (AVW: May 29, 2020).

On Monday, Yarra Funds said that between May 23 and July 24, 2020 it sold 1,891,522 shares for \$18,551,674 or \$9.81 a share.

Ag & Vet Weekly calculates that Yarra Funds holds 7,704,104 shares (4.95%).

Elders fell 26 cents or 2.5 percent to \$10.24 with 687,441 shares traded.

ELIXINOL GLOBAL

Elixinol says it had a two-year agreement with Elixinol Japan, allowing Elixinol Japan to manufacture and sell Elixinol branded cannabidiol food additives in Japan.

Last year, Elixinol said it sold its 50.5 percent of Elixinol Japan to Takeshi Sakurada for about \$346,000, following an investigation into non-compliant marijuana-derived cannabidiol products sold by Elixinol Japan (BD: Dec 3, 2019).

Today, the company Elixinol Japan would pay a three percent royalty on net sales for the first year, then a royalty of five percent on net sales years, and the products would be manufactured in Japan to meet market specific regulatory requirements.

Elixinol chief executive officer Oliver Horn said that Japan was one of the biggest cannabidiol (CBD) markets in Asia and "thanks to an early mover advantage and a highly capable team in Japan, Elixinol is in the very fortunate position of having one of the country's strongest CBD brands".

"We are very excited about this new chapter following last year's regulatory challenges," Mr Horn said.

Elixinol fell one cent or 5.4 percent to 17.5 cents.

ELIXINOL GLOBAL

Elixinol says Pharmacann will sell its marijuana products in Australia through the Australian Therapeutic Goods Administration special access scheme.

Elixinol said the agreement was a “significant milestone” and enabled Pharmacann to import and supply its branded marijuana for over-the-counter prescriptions, subject to the proposed TGA de-scheduling of cannabidiol (CBD) in early 2021, which would allow marijuana products “to be prescribed over the counter by pharmacists”.

ELIXINOL GLOBAL

Elixinol says its annual general meeting as carried all resolutions, but with 19.45 percent dissent against leaving entitlements for Andrew Duff and Greg Ellery.

In April, Elixinol said that founder and director Paul Benhaim would replace chairman Mr Duff, and Oliver Horn would replace director Mr Ellery, with immediate effect, with both Mr Duff and Mr Ellery resigning from the board (BD: Apr 6, 2020).

Today, the company said that the leaving entitlements of \$127,800 for Mr Duff and \$85,000 for Mr Ellery were opposed by 12.04 million votes (19.45%), with 49.85 million votes (88.55%) in favor.

Elixinol’s most recent Appendix 2A new shares issue said that the company had 192,837,064 shares on issue meaning that the opposition to the leave entitlements amounted to 6.2 percent of the company’s total shares on issue, sufficient to requisition extraordinary general meetings

MGC PHARMACEUTICALS

MGC says its mouse study of Artemic for Sars-Cov-2 shows no adverse results in standard toxicity measures.

MGC said that the study, conducted at the Ness Ziona, Israel-based Science in Action Laboratory, compared nine mice in three study groups of 25 micrograms of Artemic, 50 micrograms of Artemic to a control group to assess safety and toxicity.

The company said it expected histology results in the “next coming days” and the results would support Artemic in a phase II trial for severe acute respiratory syndrome coronavirus-2 (Sars-Cov-2), the virus that caused Covid-19.

CANN GROUP

Cann Group says it has issued 17,185,723 shares at 34 cents a share, following the conversion of 5,600,000 convertible notes at \$1.00 a share.

In February, Cann Group said it would issue convertible notes to raise \$8 million, at a base rate of 7.5 percent, for working capital requirements (BD: Feb 7, 2020).

Today, the company’s Appendix 2A announcement said it had 193,031,985 shares on offer, following the issue.

Cann Group fell 0.5 cents or 1.05 cents to 47 cents.

CANN GLOBAL

Cann Global says its one-for-four renounceable entitlement offer at 0.5 cents a share has raised \$2,200,748 of a hoped-for \$4,661,235.

Earlier this month Cann Global said it had repriced the offer prospectus from 0.55 cents to 0.5 cents a share, to comply with ASX requirements (BD: Jul 3, 2020).

Today, the company said that for every two new shares acquired, shareholders would receive one attaching option, exercisable at 1.2 cents a share by January 31, 2022.

The company said applications included \$241,997 from executive chair Pnina Feldman and managing-director Sholom Feldman and \$649,254 from its largest shareholder, LBT Corp.

Cann Global said it had the option to place the remaining \$2,036,744 shortfall within three months or by October 23, 2020.

Cann Global was up 0.05 cents or 11.1 percent to 0.5 cents with 3.2 million shares traded.

NUFARM

Nufarm says it has appointed John Gillam to replace Donald McGauchie as chairman following his retirement after 10 years in the role, effective September 24, 2020.

Nufarm said Mr Gillam was previously the chief executive officer of the Bunnings Group, managing director of Cuming Smith British Petroleum (CSBP) and chairman of Officeworks, as well as chairman of Colonial Sugar Refining (CSR).

TASSAL GROUP

Tassal says non-executive director Trevor Gerber has told the company he intends to retire from the close of its annual general meeting, scheduled for October 28, 2020.

Tassal chairman Allan McCallum said he thanked Trevor for "all his support and excellent contribution to the success of the Tassal Group and his valued role on the board since 2012".

Tassal fell 11 cents or three percent to \$3.61 with 957,659 shares traded.

TERRAGEN HOLDINGS

Terragen says it has appointed Travis Dillon as chairman and that non-executive directors Dr Gregory Robinson and Dr John Ryals have retired.

Terragen said Mr Dillon would replace Dr Paul Schober, who would continue as a non-executive director.

The company said Mr Dillon was previously the chief executive officer of Ruralco Holdings, until its acquisition by Nutrien in September 2019.