

Ag & Vet Weekly



Monday December 7 - Friday December 11, 2020

All the news on ASX-listed agriculture and veterinary companies

- * **ASX, AVW-44 DOWN: CRESO UP 21%; CANN GLOBAL DOWN 23%**
- * **ABARES: 'AGRICULTURAL PRODUCTION TO HIT \$65b'**
- * **CSIRO LOOC-C APP TO MEASURE SOIL CARBON, MANAGE CATTLE**
- * **FOOD REVOLUTION: YTD SALES UP 19% TO \$16.4m**
- * **ROOTS RAISES \$4m; US, ISRAEL DEALS**
- * **CANN GLOBAL RAISES \$3.75m**
- * **WIDE OPEN FOOD-GRADE LUPIN**
- * **WATTLE HEALTH, VERDURE TO SELL UGANIC IN MIDDLE EAST**
- * **ALTHEA: 'NOVEMBER RECORD MARIJUANA REVENUE OF \$847k'**
- * **CRESO \$288k RECREATIONAL MARIJUANA ORDERS**
- * **MGC SELLS \$1.3m UNMARKETABLE PARCEL SHARES**
- * **BLACKROCK TAKES 6% OF A2 MILK**
- * **PERPETUAL TAKES 8% OF BEGA**
- * **AUSTRALIAN SUPER TAKES 13% OF HUON**
- * **ONE FUNDS TAKES 9% OF TERRAGEN**

MARKET REPORT

The Australian stock market fell 0.61 percent on Friday December 11, 2020, with the ASX200 down 40.5 points to 6,642.6 points. Twelve of the AVW-44 stocks were up, 24 fell, five traded unchanged and three were untraded.

Creso was the best, up 4.5 cents or 21.4 percent to 25.5 cents, with 174.4 million shares traded. MGC rose 13.3 percent; Terragen and THC were up more than three percent; Anantara, Auscann and Cannpal climbed more than two percent; Fonterra, Huon, Ridley and Synlait improved more than one percent; with Ecofibre up 0.9 percent.

Cann Global led the falls, down 0.3 cents or 23.1 percent to one cent, with 470.7 million shares traded. Regeneus lost 10.3 percent; Avecho shed 9.1 percent; Elixinol fell 8.5 percent; Opyl, Roots and Wide Open were down more than six percent; Food Revolution fell 5.4 percent; Pharmaust lost 4.2 percent; Bubs shed 3.1 percent; Cann Group, Clean Seas, Clover, Costa and Elders were down two percent or more; A2 Milk, AP Hemp, Seafarms, and Tassal fell more than one percent; with Apiam, Bega, Next Science, Nufarm and Select Harvests down by less than one percent.

BUREAU OF AGRICULTURAL AND RESOURCE ECONOMICS AND SCIENCES, FEDERAL GOVERNMENT

The Australian Bureau of Agricultural and Resource Economics and Sciences says agricultural production will rise seven percent to \$65.1 billion for the 2020-'21 year. The Australian Bureau of Agricultural and Resource Economics and Sciences (Abares) said the forecast followed the nation's second largest winter crop and promising rainfall outlook (AVW: Dec 4, 2020).

The Bureau said that while production was forecast to rise, exports were expected to fall by seven percent from last year, down to \$44.7 billion.

Abares executive director Dr Steve Hatfield-Dodds said exports had continued to find markets during the pandemic, but that "the residual effects of past dry seasons and trade uncertainties are pushing down export value".

"There are a number of risks present for the rest of 2021 that remain a watch point, including wine trade with China and labor shortages for the horticulture sector," Dr Hatfield-Dodds said.

A media release from the Federal Department of Agriculture, Water and the Environment said that winter crop production was forecast to be the second highest on record, with the value of crop product to increase 25 percent to \$34.1 billion and farm, fisheries and forestry production to reach \$70.5 billion.

The Department said the value of livestock production was forecast to fall seven percent to \$31 billion, with the value of agriculture exports to fall seven percent to \$44.8 billion.

Federal Agriculture Minister David Littleproud said he was "particularly concerned at the potential impacts of China's decisions to impose anti-dumping and countervailing duties on barley and the recent impost of provisional anti-dumping duties on Australian wine."

"In October I laid out the Government's Ag 2030 strategy to support the industry target of \$100 billion and I am committed to supporting Australian agriculture to reach its full potential," Mr Littleproud said.

COMMONWEALTH SCIENTIFIC AND INDUSTRIAL RESEARCH ORGANISATION

The CSIRO says it has added a feature to its Looc-C (look see) mobile application that measures farmers' soil carbon and allows beef cattle herd management.

The Organisation said the application provided farmers with detailed assessments of how their land and farming practices could be eligible for rebates under the Federal Government's Climate Solutions Fund.

CSIRO project leader Peter Fitch said the aim was to help farmers and land managers participate in greenhouse gas mitigation and gainmaximize benefits to the land from carbon markets.

THE FOOD REVOLUTION GROUP

Food Revolution says year-to-date sales to November 30, 2020 are up 19.4 percent to \$16.4 million, compared to the same time last year.

Food Revolution said sales of its Original Juice Co Black Label were up 21 percent compared to the last six months, and a Woolworths advertising campaign to support the launch of a new juice range would start next week,

Food Revolution chief executive officer Tony Rowlinson said the increased demand for "coupled with continued operational performance improvements at our Mill Park production facility is delivering substantial improvements in our operating margins".

Food Revolution fell 0.2 cents or 5.4 percent to 3.5 cents with 4.15 million shares traded.

ROOTS SUSTAINABLE AGRICULTURAL TECHNOLOGIES

Roots says it has raised \$3,955,851 in a placement to institutional, sophisticated and professional investors, issuing Chess depositary interests (CDIs) at 2.2 cents each. Roots said the funds would go to promoting its sales and marketing, advancing its plant-based meat division and maintaining its greenhouses, pursuing cannabis opportunities and operating expenses.

The company said the issue price was a 22.9 percent discount to the 15-day volume weighted average price at December 7, 2020.

Roots said it was in a good position to pursue international opportunities, following a recent decision by the US House of Representatives to decriminalize marijuana use in the US on a Federal level, as well as a ruling by the Court of Justice of the European Union that stated that member states could not prohibit the marketing of lawfully produced cannabidiol products.

The company said Everblu Capital was the lead manager and would receive a fee of six percent of the funds raised and, subject to shareholder approval, be issued 11,867,553 CDIs, or three million CDIs for every \$1 million raised.

In two separate announcements, Roots said it had signed deals with northern California's Humboldt CCTV and Israeli cannabis farm My Green Fields.

The company said it would integrate its root zone temperature optimization technology (RZTO) and heat exchange stub with Humboldt's technology, which allowed farmers to wirelessly monitor soil moisture, crop temperature, weather, weather station data and environmental conditions

Roots said that, as part of the agreement, it would invest \$US100,000 (\$A134,222) into Humboldt, or 10 percent of the company.

The company said that California was a large market and the top agricultural production state in the US, generating \$US50 billion in 2018.

Roots said that it had installed four RZTO systems in California to date, with each providing higher yields, shorter growth cycles and production security.

Separately, the company said that My Green Fields would pay it \$58,000 to use its root zone temperature optimization technology at its marijuana farm in northern Israel.

Roots said that following Israel's peace deals with the United Arab Emirates and Bahrain, it had progressed initiatives to expand into the Middle East and was one of six companies selected by the Israel Export Institute to showcase its technology with Bahrain's Minister of Industry.

The company said Bahrain could be a lucrative market, given the importance of agriculture for its economy despite low rainfall and poor soil, with the RTZO and heat exchange probe potentially being used to increase the yield of key crops such as figs, melons and pomegranates.

Roots fell 0.2 cents or 6.9 percent to 2.7 cents with 314.6 million shares traded.

CANN GLOBAL

Cann Global says it has raised \$3,750,000 in a placement at 0.5 cents a share "to clear the company's liabilities including the [\$3 million] outstanding convertible note liabilities".

Cann Global said that there would be one attaching option for every 2.4 new shares issued in the placement, exercisable at 1.2 cents each by January 31, 2022, with a further 15,000,000 options to be issued to the unnamed broker to the placement.

Cann Global fell 0.3 cents or 23.1 percent to one cent with 470.7 million shares traded.

WIDE OPEN AGRICULTURE

Wide Open says it has successfully produced food-grade lupin protein isolate for use as a plant-based protein source and ingredient.

In May and June, Wide Open said it had contracted the CSIRO to help produce a plant-based meat substitute, using technology licenced from Curtin University to develop a lupin protein for human consumption in meat, milk, egg and gluten-free substitute products (AVW: May 22, Jun 19, 2020).

This week, the company said that preliminary taste testing found the lupin samples had a neutral taste, indicating its potential for use among a wide spectrum of food products.

Wide Open said it would continue to test and refine the production process in preparation for an assessment of its lupin production that would provide guidance for future development.

Wide Open fell seven cents or 6.9 percent to 94 cents.

WATTLE HEALTH AUSTRALIA

Wattle Health says the Dubai-based Verdure Nutrition Supplements will sell its organic infant milk formula Uganic in the Middle East for a 10-year period.

Wattle Health said Verdure would be responsible for the production, transport, distribution and marketing of Uganic.

The company said it would receive a "per unit fee" for all products produced under the agreement, as well as an annual licencing fee, and that Verdure's first Uganic order, valued at \$140,000, had been placed for delivery in December.

Wattle Health said Uganic would be the first Australian organic and genetically modified organism-free infant milk formula in the Middle East.

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

ALTHEA GROUP HOLDINGS

Althea says it has recorded its highest monthly unaudited revenue of \$847,499 in November 2020, along with an increase in new patients and health care professionals. Althea said its average number of new patients for its medical marijuana products and health care professionals in Australia per business day was 41.71 and 2.24, respectively. The company said it was "seeing a strong rebound in sales in Victoria following a long Covid-19 lockdown".

Althea said it had a 48 percent increase in UK sales to \$110,378 in November.

Althea was untraded at 49 cents.

CRESO PHARMA

Creso says Canadian subsidiary Mernova Medicinal has three orders worth \$C275,023 (A\$288,159) for its recreational marijuana products.

Creso said that the purchase orders were for its subsidiary Mernova's products HPG13, Lemon Haze and Mimosa, with the first purchase order for \$C232,826 from Truro Cannabis Company, the second order was from Yukon Liquor Corporation worth C\$24,333 and the third from Nova Scotia Liquor Corp for C\$17,863.

Creso was up 4.5 cents or 21.4 percent to 25.5 cents with 174.4 million shares traded.

MGC PHARMACEUTICALS

MGC says it has sold 50,696,634 unmarketable parcel shares for an average price of 2.5 cents a share, returning the proceeds to the small parcel investors.

MGC said that 1,139 shareholders holding 12,480,489 shares elected to continue holding shares and 360 shareholders with 4,663,914 shares elected to top up their share parcel to above a market value of \$500.

MGC was up 0.4 cents or 13.3 percent to 3.4 cents with 44.9 million shares traded.

A2 MILK

Blackrock and its related bodies say they have increased their shareholding in A2 Milk from 38,298,101 shares (5.212%) to 46,398,814 shares (6.248%).

The New York-based Blackrock said that it bought and sold shares between September 24, 2018 and December 9, 2020.

A2 Milk fell 14 cents or 1.1 percent to \$13.06 with 2.2 million shares traded.

BEGA CHEESE

Perpetual says it has increased its substantial shareholding in Bega from 12,434,048 shares (5.78%) to 21,105,148 shares (7.61%).

The Sydney-based Perpetual said that it bought and sold shares between November 11 and December 12, 2020 for prices ranging between \$4.60 and \$5.44 a share, with the single largest purchase 1,583,105 shares on November 27 for \$7,282,283 or \$4.60 a share.

Bega fell three cents or 0.6 percent to \$5.32 with 1.4 million shares traded.

HUON AQUACULTURE

Australian Super says it has increased its substantial shareholding in Huon from 10,220,063 shares (9.36%) to 13,868,563 shares (12.62%).

The Melbourne-based Australian Super said that it bought and sold shares between September 14 and December 7, 2020 for prices ranging between \$2.60 and \$3.00 a share, with the single largest purchase of 2,798,500 shares on December 7 for \$7,276,100 or \$2.60 a share.

Huon was up three cents or 1.1 percent to \$2.70.

TERRAGEN HOLDINGS

One Funds Management says it has increased its substantial shareholding in Terragen from 14,449,668 shares (7.73%) to 16,500,000 shares (8.74%).

The Sydney-based One Funds said that it bought shares between November 26 and December 9, 2020, with the single largest purchase 8,000,000 shares on November 11 for \$2,000,000 or 25 cents a share.

Terragen was up one cent or 3.3 percent to 31 cents.