

Ag & Vet Weekly



Monday November 23 - Friday November 27, 2020

All the news on ASX-listed agriculture and veterinary companies

- * ASX DOWN, AVW-44 FLAT: CANN GLOBAL UP 20%; AVECHO DOWN 8%
- * BEGA TO BUY LION FOR \$534m; RAISES \$284m, \$117m TO GO
- * STAX, WEST COAST \$5m SYDNEY SE IPO; \$4.5m 'CRYPTOCURRENCY'
- * CANN GROUP NABS \$50m MILDURA MARIJUANA LOAN; LICENCES
- * TASFOODS AGFOOD PLACEMENT RAISES \$3m
- * FOOD REVOLUTION: CARELINE CAN'T PAY FINAL \$6m
- * HUON FIRE FREES 50k SALMON
- * MGC COMPLETES \$1.4m MEDICINAL CANNABIS CLINICS ACQUISITION
- * MGC, MERCER \$3.5m DRAW DOWN CONVERTIBLE NOTE
- * NANOLLOSE: 30% OPPOSE DIRECTOR SHARES; ALFIE GERMANO GOES
- * CANN AGM 27% DEFEAT 10% PLACEMENT CAPACITY
- * ANATARA AGM: 24% OPPOSE 10% PLACEMENT CAPACITY
- * BUBS AGM 19% OPPOSE REMUNERATION REPORT
- * CLOVER: 15% OPPOSE M-D 'LEAVING BENEFIT'; LOSES CHERYL HAYMAN
- * RIDLEY: 7.6% OPPOSE RE-ELECTION OF PATRICIA MANN
- * CRESO 198m BLUMENTHAL, EVERBLU SHARES, 109m OPTIONS EGM
- * OPYL RECEIVES \$249k R&D TAX INCENTIVE
- * APIAM TO RELEASE 1.5m VOLUNTARY ESCROW SHARES
- * YARRA FUNDS BELOW 5% OF ELDERS
- * FIL TAKES 6.7% OF SYNLAIT
- * REGAL FUNDS TAKES 16.15% OF ELIXINOL
- * ELIXINOL DIRECTOR PAUL BENHAIM, RAW WITH LIFE DILUTED TO 12.3%

MARKET REPORT

The Australian stock market fell 0.53 percent on Friday November 27, 2020, with the ASX200 down 35.3 points to 6,601.1 points.

Seventeen of the AVW-44 stocks were up, 17 fell, eight traded unchanged and two were untraded.

Cann Global was the best, up 0.1 cents or 20 percent to 0.6 cents, with seven million shares traded. AP Hemp climbed 16.4 percent; Regeneus was up 10 percent; Creso rose 9.4 percent; Bega improved 8.9 percent; Opyl was up 7.4 percent; Seafarms increased 6.5 percent; Clean Seas and Ecofibre climbed more than four percent; Clover, Elixinol and Food Revolution were up more than two percent; Bubs and Ridley rose more than one percent; with Costa, Palla and Tassal up by less than one percent.

Avecho led the falls, down 0.1 cents or 7.7 percent to 1.2 cents, with 512,121 shares traded. Auscann lost 7.1 percent; Nanollose shed 5.6 percent; Pharmaust fell 4.2 percent; Cann Group and Memphasys were down more than three percent; Murray Cod, Next Science, Roots, Synlait and Wide Open lost two percent or more; Althea, Elders, Select Harvests and Terragen fell one percent or more; with A2 Milk and Nufarm down by less than one percent.

BEGA CHEESE

Bega says it will buy Lion Dairy & Drinks for \$534 million, funded by a placement and rights offer at \$4.60 a share, which has raised \$284 million of a hoped-for \$401 million. Bega said the Sydney-based Lion manufactured, marketed, sold and distributed milk beverages, yoghurt, juices, cream and custard under a range of brands including Dairy Farmers, Pura Milk, Farmers Union, Big M, Yoplait, Juice Brothers, Daily Juice, Masters and Dare.

The company said it expected the combined business to generate revenue in excess of \$3 billion a year, as well as connect it to Lion's food service and convenience store cold chain supply network, the largest in Australia.

Bega said the acquisition would help it expand its manufacturing and milk collection operations into new regions of Australia, including Gippsland in eastern Victoria.

The company said Lion also had established joint ventures and alliances with yoghurt producer Sodima, plant-based food producer Vita International Holdings and Bega itself, through the Australian Capital Territory-based dairy company Capitol Chilled Foods.

Bega said its capital raising to fund the purchase comprised an institutional placement for \$181 million as well as a one-for-4.5 pro-rata institutional and retail rights offer to raise \$220 million, all at \$4.60 a share and to issue about 87 million shares, or about 41 percent of Bega's existing share capital.

The company said that the \$4.60 price was a 9.1 percent discount to the last traded price on November 20, 2020.

Bega said on Friday that the placement had raised its target of \$181 million, with the institutional rights offer raising \$103 million, for a take up rate of about 96 percent.

Bega said the retail offer, for shareholders on the record date of November 30, would open on December 2 and close on December 14, 2020.

The company said it expected to complete its acquisition of Lion by January 31, 2021.

Kidder Williams acted as the adviser to Bega on the acquisition and capital raising.

Bega was up 44.35 cents or 8.9 percent to \$5.42 with 5.8 million shares traded.

WEST COAST AQUACULTURE, STAX

Melbourne financial technology company Stax says it has raised \$5 million for Malaysia's West Coast Aquaculture, primarily through the US crypto-currency Tether.

Stax marketing director Sam Henderson told Ag & Vet Weekly that the Langkawi, Malaysia-based West Coast Aquaculture was the second company to list on the Sydney Stock Exchange, listing at 50 cents a share on Tuesday, November 24, 2020, with a market capitalization of \$57 million.

Mr Henderson said that West Coast's code was "833" and trading on the Sydney Stock Exchange was organized by stock brokers.

In a media release, Stax said that of the \$5 million raised for the fisheries company \$4,478,591 was through the "blockchain" Tether cryptocurrency which was pegged to the US dollar.

Stax said that West Coast Aquaculture was "the first company in Australia to raise [initial public offer] funding via cryptocurrency, meeting tight Australian regulatory standards".

Stax chief executive officer Kenny Lee said that the acceptance of cryptocurrency in an initial public offer was "a significant and transformative step forward for investment in Australia".

Mr Lee said that the successful capital raise "paves the way for the future of capital markets in Australia".

"We are allowing access to a market which has been hard for overseas investors to get into, and it will only benefit Australian businesses longer term," Mr Lee said.

Stax said it was Australia's "first capital raising platform to accept both [Australian dollars] and cryptocurrencies" and had partnered with the Sydney Stock Exchange to offer "a faster, reliable method for companies wishing to go public".

The company said that West Coast Aquaculture planned plans to use the funds for expansion, including the purchase of hatchery and nursery facilities in Malaysia to allow further control of the supply chain.

Stax said the initial public offer was managed by Melbourne's Agile Legal.

West Coast Aquaculture closed the week at 60 cents.

CANN GROUP

Cann Group says the National Australia Bank has approved a \$50 million secured debt facility to construct the first stage of its Mildura marijuana production facility.

Cann Group said that the base interest rate would be the Bank Bill Swap Bid Rate, the drawn margin rate would be 3.20 percent per annum, with a facility fee of 1.80 percent a year, with documentation to be completed within the next month.

The company said the debt facility was "a standard form construction draw-down facility, which converts to an amortization loan over eight years".

Cann said the facility would allow it to recommence construction at the Mildura marijuana growing site, with work expected to be underway by February 2021 and construction of the first stage expected to take nine months.

The company said it expected the first product to be processed and released by March 2022.

Separately, Cann said that Australia's Office of Drug Control had varied licences held by subsidiary Cannoperations Pty Ltd, relating to the cultivation and production of medicinal cannabis, research activities in relation to medicinal cannabis, and manufacture of medicinal cannabis products, effective immediately, to enable these activities to be undertaken at the Mildura facility, pending a security inspection.

Cann Group fell two cents or 3.9 percent to 49 cents with 7.8 million shares traded.

TASFOODS

Tasfoods says it will raise \$3 million through a placement to the Melbourne-based Agfood Opportunities Fund at 10 cents a share.

Tasfoods said funds would help it increase its poultry and dairy operations, accelerate development of its ready-to-cook meals and invest in digital marketing.

Tasfoods was unchanged at 11 cents.

THE FOOD REVOLUTION GROUP

Food Revolution says Careline Australia is unable to pay the final \$5.94 million tranche of their \$20.25 million investment in the company, originally due on March 5, 2020.

Food Revolution said it had agreed to issue 100 million shares to Careline and its nominees under a share subscription deed, which was approved by shareholders at an extraordinary general meeting on June 14, 2019 (AVW: Sep 6, 2020).

The company said that although Careline had paid a total of \$14.31 million so far, with the most recent payment on September 5, 2019, all performance-based new shares offered in the share subscription deal had lapsed due to the missed tranche.

Food Revolution said Careline and its chief executive officer Tao (Norman) Li, who was appointed Food Revolution chair, would keep their equity in the company and had indicated no willingness or need to sell.

The company said non-Careline directors would to form a sub-committee to consider Careline's failure to pay.

Food Revolution was up 0.1 cents or 2.4 percent to 4.2 cents.

HUON AQUACULTURE

Huon says 50,000 to 52,000 of its four-kilo salmon have escaped its Zuidpool North facility in Tasmania, following a fire that melted the salmon pen.

Huon said the number was "well under" one percent of its fish stock and no injuries had been caused by the incident.

Huon chief executive officer Peter Bender said the company had electrical equipment in the salmon pens but that in 35 years of farming the company has never had an electrical fire on one of its fish pens.

"The cause has baffled us," Mr Bender said.

The company said it was unlikely the salmon would have any impact on native marine fauna, since farmed salmon are used to feeding on fish pellets and would not eat native species, and Tasmania had no native salmonids with which the fish could mate.

Huon said the cause of the fire was being investigated and a search of the area was conducted to retrieve any pen components that had come adrift.

Huon was unchanged at \$2.80.

MGC PHARMA

MGC says it has completed the \$1.4 million acquisition of Cannvalate Pty Ltd subsidiary and telehealth clinic Medicinal Cannabis Clinics Pty Ltd.

In July, MGC said it would pay Cannvalate \$1 million in shares and \$400,000 in cash for its Melbourne subsidiary Medicinal Cannabis Clinics (BD: Jul 24, 2020).

The company said Medicinal Cannabis Clinics was in the process of obtaining state and federal licences to import and distribute MGC's marijuana products in Australia.

MGC was unchanged at 2.1 cents with 4.1 million shares traded.

MGC PHARMA

MGC says it will raise \$3.5 million through its draw down convertible note with the New York-based Mercer Street Global Opportunity Fund.

In September, MGC said it had an up to \$15 million drawdown facility with Mercer, with \$2.25 million to be received up front (AVW: Sep 11, 2020).

This week, the company said that it would issue 3,850,000 convertible notes, valued at \$1 each, to Mercer.

NANOLLOSE

Nanollose says 30.17 percent of votes at its annual general meeting opposed the issue of shares to chief executive officer Alfie Germano and directors.

Nanollose said that 8,777,460 votes (30.17%) opposed the shares for Mr Germano and directors Winton Willesee, Terence Walsh and Heidi Beatty, with 20,320,044 votes (69.83%) in favor, but said a larger number of votes opposed the 10 percent placement capacity, with 8,986,652 votes (19.57%) opposed and 36,931,010 votes (80.43%) in favor. The company said 8,682,452 votes (18.87%) opposed the ratification of placement shares and adviser securities, with all other resolutions facing lower levels of dissent.

According to Nanollose's most recent Appendix 2A, the company had 105,749,991 shares on issue, meaning the votes against the placement capacity amounted to 8.50 percent, sufficient to call extraordinary general meetings.

Separately, the company said that Mr Germano had resigned "for personal reasons" Nanollose fell 0.3 cents or 5.6 percent to 5.1 cents with 1.15 million shares traded.

CANN GROUP

Cann Group says its 10 percent placement capacity failed with 15,676,270 annual general meeting votes (26.69%) opposed and 43,054,266 votes (73.31%) in favor.

Cann said all other resolutions passed more easily with up to 3.56 percent dissent.

According to Cann Group's most recent Appendix 2A new issue announcement, the company had 269,910,378 shares on offer, meaning the votes against the placement capacity amounted to 5.81 percent, sufficient to call extraordinary general meetings.

The placement capacity is a special resolution requiring 75 percent to pass.

ANATARA LIFESCIENCES

Anatara says its annual general meeting has carried all resolutions, but with 24.07 opposition to the 10 percent placement capacity, which needs a 75 percent majority.

Anatara said 5,031,739 votes (24.07%) opposed the placement capacity, with 15,871,263 votes (75.93%) in favor.

The company said the resolutions to issue options in lieu of fees worth \$10,140 to chair Sue MacLeman and options in lieu of fees worth \$5,433 to directors Dr Jane Ryan and Dr David Brookes were each opposed by up-to 10.18 percent of the meeting.

Anatara said the remuneration report was opposed by 5.89 percent of the meeting, with the remaining resolutions passing more easily.

According to the company's most recent Appendix 2A new issue announcement, Anatara had 66,783,270 shares on issue, meaning the votes against the 10 percent placement capacity amounted to 7.5 percent of the company, sufficient to call extraordinary general meetings.

Anatara was untraded at 19.5 cents.

BUBS AUSTRALIA

Bubs says its annual general meeting has carried all resolutions, but with up to 19 percent opposition to the remuneration report.

Bubs said the remuneration report was opposed by 15,126,220 votes (18.99%), with 64,532,677 votes (18.01%) in favor, while the issue of 4,770,810 options to chief executive officer Kristy Carr was opposed by 19,981,119 votes (12.82%).

Bubs said the re-election of chairman Dennis Lin was opposed by 10.10 percent of the meeting votes, with the remaining resolutions passing easily.

According to the company's most recent Appendix 2A new issue announcement, Bubs had 612,775,580 shares on issue, meaning the votes against Ms Carr's options amounted to 3.3 percent of the company, not sufficient to call extraordinary general meetings.

Bubs was up one cent or 1.4 percent to 70.5 cents with 1.1 million shares traded.

CLOVER CORP

Clover says 12,242,528 annual general meeting votes (14.85%) opposed the leaving benefit for the managing director, with 70,210,917 votes (85.15%) in favor.

The company said all other resolutions passed easily.

According to Clover's most recent annual report, the company had 166,310,104 shares on issue, meaning the votes against the leaving benefit amounted to 7.36 percent, sufficient to call extraordinary general meetings.

In a separate Appendix 3Z, the company said that director Cheryl Hayman had resigned. Clover was up five cents or 2.9 percent to \$1.80.

RIDLEY CORPORATION

Ridley says 16,914,669 annual general meeting votes (7.56%) opposed the re-election of director Patricia Mann, with 206,917,699 votes (92.44%) in favor.

Ridley said that all other resolutions passed easily.

According to Ridley's most recent Appendix 2A new issue announcement, the company had 319,494,975 shares on issue, meaning the votes against Ms Mann's re-election amounted to 5.29 percent, sufficient to call extraordinary general meetings.

Ridley was up one cent or 1.1 percent to 93 cents.

CRESO PHARMA

Creso says investors will vote to issue up to 197,841,090 shares and 108,884,142 options to director Adam Blumenthal, Everblu Capital and Suburban Holdings.

Creso said its extraordinary general meeting would vote to issue the shares and options, including up to 42,955,327 shares and 10,738,832 options to settle 1,666,667 convertible notes with Suburban Holdings, a related party controlled by Alvin Blumenthal, the father of director Adam Blumenthal.

The company said the meeting would vote to issue up to 137,457,045 shares and 34,364,262 options to Adam Blumenthal and 17,428,718 shares and 63,781,048 options to Everblu, controlled by Mr Blumenthal, as well as 3,346,427 shares and 13,745,708 options to Azalea Consulting and up to 30,000,000 options to advisor Bruce Linton, along with ratify a prior share issue and approve a future up-to \$6,000,000 placement.

The virtual meeting will be held on December 23, 2020 at 2pm (AEDT) at:

<https://web.lumiagm.com/?fromUrl=373050859>.

Creso was up 0.3 cents or 9.4 percent to 3.5 cents with 52.8 million shares traded.

OPYL AI

Opyl says it has received \$249,001 from the Australian Tax Office under the Federal Government Research and Development Tax Incentive program.

Opyl said the rebate related to expenditure for the year to June 30, 2020.

Opyl was up one cent or 7.4 percent to 14.5 cents.

APIAM ANIMAL HEALTH

Apiam says it will release 1,490,196 shares from voluntary escrow on December 2, 2020.

According to Apiam's most recent Appendix 2A, the company had 118,534,522 shares on issue, with 1,589,842 unlisted performance rights.

Apiam was unchanged at 70.5 cents.

ELDERS

The Melbourne-based Yarra Funds Management says it has ceased its substantial shareholding in Elders.

Last month, Yarra Funds said it had become a substantial shareholder in Elders with 8,161,206 shares or 5.2398 percent of the company (AVW: Oct 9, 2020).

This week, Yarra Funds said that between October 7 and November 19 it bought and sold shares, with largest sale 410,274 shares for \$4,591,180 or \$11.19 a share.

Ag & Vet Weekly calculates that Yarra Funds retains 7,639,021 shares or 4.89 percent of the company.

Elders fell 12 cents or 1.15 percent to \$10.30 with 475,499 shares traded.

SYNLAIT MILK

Fidelity International Limited (FIL) says it has increased its substantial shareholding in Synlait from 9,661,572 shares (5.39%) to 14,261,922 shares (6.72%).

The Sydney, Bermuda and Hong Kong-based FIL said that between June 9 and November 12, 2020 it bought 1,350,973 shares, sold 330,777 shares, "placed" 3,915,408 shares and transitioned out 335,254 shares at prices ranging from \$4.78 to \$6.98 a share. Synlait fell 14 cents or 2.6 percent to \$5.20.

ELIXINOL GLOBAL

Regal Funds Management says it has become a substantial shareholder in Elixinol with 38,936,269 shares or 16.15 percent of the company.

The Sydney-based Regal Funds said that between September 16 and November 20, 2020 it acquired 48,901,961 shares for \$8,260,000 or 16.89 cents a share.

Regal did not disclose whether it sold any shares in the period as required under the Corporations Act (Regulatory Guide 159.263).

Elixinol was up 0.5 cents or 2.7 percent to 19 cents with 2.8 million shares traded.

ELIXINOL GLOBAL

Elixinol non-executive director Paul Benhaim and Raw with Life said their 29,523,008 shares have been diluted from 15.31 percent to 12.25 percent.

The Mullumbimby, New South Wales-based Mr Benhaim and Raw with Life said that they were diluted on November 23, 2020 following the \$8.2 million placement at 17 cents a share (AVW: Nov 20, 2020).