

# Ag & Vet Weekly



Monday April 19 - Friday April 23, 2021

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

- \* **ASX, AVW-42 EVEN: EPSILON (THC) UP 6%; FONTERRA DOWN 4.55%**
- \* **FEDERAL \$20m FOR ELECTRONIC FISH INITIATIVES**
- \* **BEGA SELLS FACILITIES TO MEAD JOHNSON NUTRITION FOR \$200m**
- \* **NANOLLOSE \$2.9m PLACEMENT**
- \* **AP HEMP: COLES STOCKS \$3m A YEAR MORE MT ELEPHANT PRODUCTS**
- \* **AUSCANN RECEIVES \$1.6m FEDERAL R&D TAX INCENTIVE**
- \* **ANATARA: ETHICS APPROVAL FOR CSIRO 3FDC PSYCHOLOGY TRIAL**
- \* **ECOFIBRE: HEMP RESEARCH COMPLETED 15 MONTHS EARLY**
- \* **ECOFIBRE MARIJUANA SLEEP TRIAL APPROVED**
- \* **CRESO: HALUCENEX, SIXTH WAVE PSILOCYBIN EXTRACTION DEAL**
- \* **MURRAY COD TO RELEASE 4.1m VOLUNTARY ESCROW SHARES**
- \* **MGC BUYS ISRAEL'S MEDICANL CRO FOR \$6m IN SHARES**
- \* **WATTLE HEALTH NAME CHANGE, ACQUISITION AGM**
- \* **PENDAL GROUP BELOW 5% OF A2 MILK**
- \* **GREENCAPE BELOW 5% IN ELDERS**
- \* **PERPETUAL BELOW 5% OF BEGA**
- \* **LAZARD CEASES IN COSTA**
- \* **AUSCANN CEO LAYTON MILLS STARTS ON \$275k**
- \* **RIDLEY APPOINTS RICHARD BETTS CFO**

## MARKET REPORT

The Australian stock market edged up 0.08 percent on Friday April 23, 2021, with the ASX200 up 5.3 points to 7,060.7 points. Sixteen of the AVW-42 stocks were up, 16 fell, nine traded unchanged and one was untraded.

Epsilon (THC) was the best, up one cent or 5.9 percent to 18 cents, with 273,687 shares traded. Avecho climbed five percent; Murray Cod, Nufarm, Seafarms and Tasfoods were up four percent or more; Auscann was up 3.85 percent; Cann, Creso, Huon and Synlait rose two percent or more; Clover, Palla and Pharmaust were up more than one percent; with Bega and Ecofibre up by less than one percent.

Fonterra led the falls, down 20 cents or 4.55 percent to \$4.20, with 5,287 shares traded. Terragen fell 4.5 percent; A2 Milk, AP Hemp, Nanollose and Wide Open lost more than three percent; Apiam, Bubs, Next Science and Ridley shed more than two percent; Althea, Elders and MGC were down more than one percent; with Costa, Select Harvests and Tassal down by less than one percent.

## FEDERAL GOVERNMENT

Federal Government says it will provide \$20 million for electronic initiatives to boost innovation and lower compliance costs for Commonwealth fishers.

A media release from the Minister for Agriculture David Littleproud said that \$9.95 million would be provided to the electronic-fish initiative and \$10.1 million for the electronic-monitoring program.

Mr Littleproud said that about 1,360 fishing-related businesses would benefit from the initiatives which would streamline and integrate data and its collection to increase flexibility for operators and reduce administration costs, as well as expand the existing monitoring into additional fisheries.

The Federal Government said the measures were part of its \$120 million package to “reduce red tape and regulatory burden across the Australian economy”.

## BEGA CHEESE

Bega says it has sold its Tatura, Victoria-based MSD2 dryer and its Derrimut-based infant formula finishing plant for \$200 million to Mead Johnson Nutrition.

Bega said the transaction included services and access agreements which would expire on December 31, 2026.

The company said that Mead Johnson Nutrition’s parent company Reckitt would terminate its access and services agreements with its subsidiary Tatura Milk Industries (TMI) for its MSD2 dryer operation and instead TMI would operate it on Reckitt’s behalf and have access to 25 percent of the plant capacity for TMI’s use.

Bega said to compensate for the loss of future payments, it would receive a total of \$55.5 million as a contractual termination fee across this year and 2022 from Reckitt.

Bega was up two cents or 0.3 percent to \$6.43 with 742,154 shares traded.

## NANOLLOSE

Nanollose says it has raised \$2.85 million in an “oversubscribed” placement at 10 cents a share to institutional and sophisticated investors.

Nanollose said that one attaching option would come with every two new shares purchased, exercisable at 15 cents each within three years.

The company said the funds would be used to strengthen its balance sheet and to develop and commercialize its wood-free Nullarbor lyocell fibre.

Nanollose said that Melbourne’s Peak Asset Management was its lead manager and would receive a six percent fee on all funds raised, and subject to shareholder approval, would be issued 7.5 million options on the same terms as the placement.

Nanollose fell half a cent or 3.85 percent to 12.5 cents.

## AUSTRALIAN PRIMARY HEMP

Australian Primary Hemp says it has a second retail distribution agreement with Coles to stock five additional Mt Elephant products from July 2021.

Last month, AP Hemp said its Mt Elephant brand plant-based milk substitute products would be available at Coles, generating about \$200,000 a year (AVW: Mar 5, 2021).

This week, the company said it expected to generate about \$3 million a year from the new agreement to stock almond and buckwheat pancakes and protein balls.

The company said that Australian-farmed hemp was used in all of its products.

AP Hemp fell 1.5 cents or 3.45 percent to 42 cents.

### AUSCANN GROUP HOLDINGS

Auscann says it has received \$1,561,518 from the Australian Tax Office under the Federal Government Research and Development Tax Incentive program.

Auscann said the rebate related to research and development expenditure for the year to June 30, 2020.

Auscann was up half a cent or 3.85 percent to 13.5 cents.

### ANATARA LIFESCIENCES

Anatara says it has ethics approval for a 100-participant trial of its 3FDC dietary supplementation on adult psychological functioning.

Anatara said the randomized, double-blinded and placebo-controlled trial would evaluate the safety and efficacy of 3FDC in adults with moderate anxiety, stress or depression.

The company said the Commonwealth Scientific and Industrial Research Organisation (CSIRO) would conduct the study at its Adelaide Nutrition and Health research clinic.

Anatara said 3FDC was a component of its pineapple stem bromelain-based gastrointestinal reprogramming (Garp) dietary supplement and was targeted to release at the junction of the small and large intestine to affect the microbiome of the large intestine.

The company said participants would receive either 3FDC or placebo, twice a day for six weeks, with recruit the participants from July, with participants assessed at the start and end of the period.

Anatara chief executive officer Steve Lydeamore said that it was “gratifying that [the company’s] focus on gut health and integrity has allowed us to capitalize on our research in [irritable bowel syndrome] with the potential to address other microbiome centric conditions”.

“The current study has the potential, not only to help those suffering mood disorders, but to significantly add to our understanding of Garp in non-[irritable bowel syndrome] participants,” Mr Lydeamore said.

Anatara was unchanged at 17 cents.

### ECOFIBRE

Ecofibre says it has completed its \$US5 million (\$A6.4 million) hemp-based research and development program “15 months ahead of schedule”.

Ecofibre said the program was a multi-year research partnership with Philadelphia’s Thomas Jefferson University and was completed early due to “early research success” and commercialization opportunities.

Ecofibre chief executive officer Eric Wang said the program developed key technologies and patents which included hemp-based char or oils and polymers with enhanced properties, high temperature bio-char carbonization and methods for production of hemp-based composites.

The company said it has appointed seven alumni of the University, Jeff Bruner as head of Hemp Black, Mark Sunderland as the chief innovation and sustainability officer, Robin Sheldon as general counsel and company secretary and Tom Carberry as head of merchandising and design.

Ecofibre said it would issue 1,646,116 shares to the Thomas Jefferson University as settlement for final costs of the research and a six-month option to subscribe for 7,964,581 shares for a total of \$4.3 million.

Ecofibre was up one cent or 0.9 percent to \$1.09.

## ECOFIBRE

Ecofibre says it has ethics approval for its 438-healthy adult, phase IIb, randomized, double-blinded, placebo-controlled trial for cannabidiol (CBD) for sleep disturbances. Ecofibre said its trial would assess the efficacy of cannabidiol for sleep disturbances in healthy adults and would be conducted at four sites in Australia, with each participant receiving a daily dose of 15mg of its cannabidiol soft capsule or placebo for eight weeks. The company said the trial would support its schedule three (pharmacist only medicine) application to the Australian Therapeutic Goods Administration (TGA) for the supply of Ananda Hemp products in the over-the-counter pharmacy market.

Ecofibre said Dr Janet Schloss of the Lismore, New South Wales-based Southern Cross University would be the chief investigator for its study.

Ecofibre chair Barry Lambert said the study was a “major step forward for Australians to eventually access hemp-derived CBD products over-the-counter at their local pharmacy”. The company said it expected to complete the trial early next year.

## CRESO PHARMA

Creso says that target company, Halucenex Life Sciences, has a letter of intent with Sixth Wave Inc to extract psilocybin from mushrooms.

Creso said that the Vancouver, British Columbia Sixth Wave used “molecularly imprinted polymers” for capturing and releasing substances at a molecular level.

The company said that Sixth Wave’s systems resulted in a “more efficient extraction system that yields purer end-product or detection findings”.

In March, Creso said it would buy the Windsor, Nova Scotia-based Halucenex for \$500,000 in cash, 29,251,795 shares and 17,551,077 performance shares for its psychedelic drug program including the mushroom-derived psilocybin for post-traumatic stress disorder, depression and other mental illnesses (AVW: Mar 19, 2021).

Last week, the company said Halucenex had an agreement with the Fort Wayne, Indiana-based Growing Together Research Inc for genome sequencing to better understand Psilocybe mushroom (AVW: Apr 16, 2021).

Today, Creso said that, pending definitive agreements, Halucenex would work with Sixth Wave to identify target molecules to be purified and develop psilocybin separation.

The company said that both parties will work to develop beads and columns to assist in producing psilocybin isolate from distillation of the product, allowing Halucenex “to produce a natural pure psilocybin product for [research and development] and for accurately dosing psilocybin for the treatment of mental disorders”.

Creso said the two companies would “develop beads and columns of other wellness components of psilocybe mushroom strains such as baeocystin and norbaeocystin ... [for] research into the health and wellness benefits of these molecules without the hallucinogenic effects of psilocybin present.

The company said that the work with Sixth Wave would complement the agreement with Growing Together Research.

Creso was up half a cent or 2.6 percent to 19.5 cents with 6.4 million shares traded.

## MURRAY COD AUSTRALIA

Murray Cod says it will release 4,088,533 shares from voluntary escrow on April 30, 2021. According to Murray Cod’s most recent Appendix 2A, the company had 565,064,891 shares on issue.

Murray Cod was up two cents or 4.9 percent to 43 cents.

### MGC PHARMACEUTICALS

MGC says it will acquire the Zichron Yaakov, Israel-based clinical research company Medicanl for \$6 million in shares.

MGC said the share price would be based on the 10-day volume weighted average price to settlement date, with 30 percent issued at settlement and the remaining 70 percent in instalments at four months, seven months, 10 months and 13 months from settlement.

The company said Medicanl would design, manage and run its clinical trials in accordance with US, EU and Israeli health regulations, currently had 11 clients, was working on 40 projects and trials, generating about \$1 million in 2020 with a 25 percent profit margin. The company said it had planned two phase I and phase II trials and one phase III trial planned in 2021 for its marijuana-based Cannepil, Cognicann and Cimetra.

MGC co-founder Roby Zomer said that the acquiring Medicanl would “not only cut significant costs from our forecasted clinical trial expenditure but also remove much of the red tape involved in the pre-clinical and clinical trial process”.

MGC fell 0.1 cents or 1.6 percent to 6.1 cents with 5.2 million shares traded.

### WATTLE HEALTH AUSTRALIA

Wattle Health says shareholders will vote to change its name to Wellnex Life and approve change of activities from its Brand Solutions Australia acquisition.

Last week, Wattle Health said it would pay \$4.75 million to acquire Brand Solutions Australia and has proposed to change its name to Wellnex Life (AVW: Apr 16, 2021).

This week, Wattle Health said the meeting would vote to approve the change in scale and nature of activities arising from the Brand Solutions acquisition, approve an amendment of the constitution and issue of shares and options to Siebelco and Ecopure Health.

The company said shareholders would vote to adopt the remuneration report, elect George Karafotias as a director, approve the conversion of debt notes, issue options to Reach Corporate, issue of shares and options to lenders and issue options to investors.

The meeting will be held at Holding Redlich, level 8, 555 Bourke Street, Melbourne on May 21, 2021 at 10am (AEST).

Wattle Health was in a suspension at 53 cents.

### THE A2 MILK COMPANY

Sydney's Pandal Group says it has ceased its substantial shareholder in A2 Milk reducing from 38,355,845 shares (5.165%) to 37,145,476 shares (4.996%).

Pandal Group said that between April 15 and 16, 2021 it sold 261,983 shares for \$2,153,984 or \$8.22 a share.

A2 Milk fell 26 cents or 3.4 percent to \$7.38 with 8.7 million shares traded.

### ELDERS

Greencape Capital says it has ceased its substantial holding in Elders.

In January, Sydney's Greencape said it had become a substantial shareholder in Elders with 7,830,085 shares or 5.01 percent (AVW: Jan 18, 2021).

This week, Greencape said between December 10, 2020 and February 26, 2021 it bought shares with the single largest purchase 183,271 shares for \$2,033,080 or \$11.09 a share and between December 21, 2020 and April 14, 2021 it sold shares with the single largest sale 90,380 shares for \$1,149,896 or \$12.72 a share.

Elders fell 20 cents or 1.6 percent to \$12.38 with 360,865 shares traded.

### BEGA CHEESE

Perpetual says it has ceased to be a substantial shareholder in Bega.

The Sydney-based Perpetual and its subsidiaries said that between March 16 and April 20, 2021 it sold 2,302,076 shares for between \$6.30 and \$6.51 a share.

In March, Perpetual said it held 16,877,623 shares (5.58%) and Ag and Vet Weekly calculates that Perpetual holds 4.82 percent of Bega (AVW: Mar 19, 2021).

### COSTA GROUP HOLDINGS

Lazard Asset Management Pacific Co says it has ceased to be a substantial shareholder in Costa.

The Sydney-based Lazard said that on March 30 and April 19, 2021 it sold 192,755 shares for \$916,649 or an average of \$4.76 a share.

Earlier this month Lazard said it had become substantial in Costa with 20,100,740 shares (5.01%) and Ag and Vet Weekly calculates that Lazard holds 4.97 percent of Costa (AVW: Apr 1, 2021).

Costa fell three cents or 0.6 percent to \$4.65 with 858,649 shares traded.

### AUSCANN GROUP HOLDINGS

Auscann says its chief executive officer Layton Mills will be paid \$275,000 a year, excluding superannuation (BD: Jan 17, 2021) (AVW: Jan 18, 2021).

Auscann said Mr Mills would be eligible for a short-term annual incentive of up to \$25,000 and a long-term incentive of four equal tranches of 500,000 performance rights, pending share price hurdles.

### RIDLEY CORP

Ridley says it has appointed chartered accountant Richard Betts as its chief financial officer, replacing Alan Boyd, effective from August 26, 2021 (AVW: Feb 26, 2021).

Ridley said Mr Betts had more than 20 years' experience in senior finance roles and was previously the chief finance officer at Pact Group and Orica.

According to his LinkedIn page, Mr Betts holds a Bachelor of Economics from Sydney's Macquarie University.

Ridley fell three cents or 2.65 percent to \$1.10.