

Ag & Vet Weekly



Monday March 22 - Friday March 26, 2021

All the news on ASX-listed agriculture and veterinary companies

- * **ASX, AVW-42 UP: CANN GROUP UP 9%; SEAFARMS DOWN 4%**
- * **PHARMAUST'S EPICHEM, THERMAQUATICA WASTE-TO-FUEL DEAL**
- * **PALLA RETAIL RIGHTS RAISE \$5.8m, TOTAL \$18m**
- * **CRESO PLACEMENT RAISES \$18m**
- * **WATTLE H1 REVENUE UP 54% TO \$714K, LOSS UP 76% TO \$17m**
- * **SEAFARMS APPOINTS CANSTRUCT FOR PROJECT SEA DRAGON**
- * **FOOD REVOLUTION: JUICE LAB IN WOOLWORTHS, METCASH IGA**
- * **ROOTS, HEMPOINT PLAN US HEMP MEAT VENTURE**
- * **AUSCANN RECEIVES \$648k INSTALMENT FOR CHILE J-V DAYACANN**
- * **MGC CIMETRA (ARTEMIC) PHASE III COVID-19 TRIAL ETHICS APPROVAL**
- * **ELIXINOL HEMP PRODUCTS OKAY IN UK; TOXICOLOGY STUDY PENDING**
- * **CRESO US OTC LISTING; MORE PSILOCYBIN**
- * **CANN GLOBAL REQUESTS 'REGULATORY MILESTONE' TRADING HALT**
- * **AVANTEOS TAKES 6.3% OF A2 MILK**
- * **FIL TAKES 7.8% OF SYNLAIT**
- * **SYNLAIT LOSES OPERATIONS DIRECTOR MARK TOOMEY**
- * **RIDLEY LOSES CO, SEC LEGAL AFFAIRS WILLIAM LINEHAN**

MARKET REPORT

The Australian stock market was up 0.49 percent on Friday March 26, 2021, with the ASX200 up 33.6 points to 6,824.2 points. Twenty-four of the AVW-42 stocks were up, 11 fell, five traded unchanged and two were untraded.

Cann Group was the best, up 4.5 cents or 8.6 percent to 57 cents, with 788,147 shares traded. Food Revolution climbed 8.1 percent; Roots was up 5.3 percent; Avecho, Creso, Memphasys, Nanollose, Synlait and Tasfoods improved more than four percent; Auscann, and Nufarm were up more than three percent; Bega, Costa, Epsilon (THC), Palla and Terragen rose more than two percent; Althea, Bubs, Elders and Murray Cod were up one percent or more; with Huon, Next Science, Select Harvests and Wide Open up by less than one percent.

Seafarms led the falls, down 0.4 cents or 4.3 percent to nine cents, with 1.5 million shares traded; Anantara and Ecofibre fell more than two percent; A2, AP Hemp, Clean Seas, Clover Corp, Fonterra, MGC and Fonterra lost more than one percent; with Tassal down by 0.3 percent.

PHARMAUST

Pharmaust says its wholly-owned subsidiary Epichem will develop waste to fuel technology with the Carbondale, Illinois-based Thermaquatica Inc.

Pharmaust said the agreement, through subsidiary Epichem OHD Pty Ltd, would use Thermaquatica's oxidative hydro-thermal dissolution (OHD) technology and combine it with biomass or feedstock "flow-reactor material science".

The company said Epichem OHD would capitalize on recent Federal, state and local government policies to achieve zero organic waste to landfill.

Pharmaust said the benchtop flow-reactor under development would be "carbon neutral, environmentally sustainable and used oxygen and water at high temperature and pressure to break down input materials to form useful end products".

Pharmaust said the flow reactor technology was an invention of Thermaquatica founder and chief technology officer Ken Anderson, a US-based Australian and was under a licence agreement and patented intellectual property.

Epichem chief executive officer Colin La Galia said the flow reactor would make a "significant contribution in the capability to deal with waste and produce diesel, liquid fuels, biofuels, liquid fertilizers and bio-stimulants."

"The [oxidative hydro-thermal dissolution] technology will help support Australia's focus on sovereign capability to produce our own ethanol for our [personal protective equipment] requirements including the manufacture of hand sanitizer," Mr La Galia said.

"It has the ability to support and sustain industries, provide innovative, disruptive technology in Australia, can be scaled up for a range of industry partners and create employment opportunities," Mr La Galia said.

Pharmaust was unchanged at 10 cents.

PALLA PHARMA

Palla says its fully underwritten, two-for-nine, retail rights offer at 50 cents a share has raised about \$5.8 million, taking the total raised to \$18 million.

Earlier this month, Palla said it had raised about \$4.0 million in a placement and about \$8.2 million in an institutional rights offer at 50 cents a share (BD: Mar 2, 2021).

The company said the participation rate in the retail rights offer was about 53.8 percent, with 5,358,765 shares worth \$2,679,383 allocated to the sub-underwriters.

Palla said that Morgans Corporate was the lead manager and underwriter.

Palla was up one cent or two percent to 50 cents.

CRESO PHARMA

Creso says it has commitments to raise \$18 million in a heavily oversubscribed placement at 19 cents a share, a 17.4 percent discount to the last traded price on March 23.

Creso said that, pending shareholder approval, investors would receive one option for every four shares purchased, exercisable at 38 cents each for 12 months.

The company said the funds raised would be used to acquire Halucenex Life Sciences Inc, clinical development of hemp-based food additives, scale-up production and progress a listing on the US Over-The-Counter Quality Exchange second board (OTCQB).

Creso said Everblu Capital was the lead manager of the placement and the raising was supported by John Langley Hancock, the son of Gina Rinehart and grandson of Lang Hancock, S3 Consortium Holdings Pty Ltd and L1 Global Master Opportunities Fund.

Creso was up one cent or 4.35 percent to 24 cents with 87.6 million shares traded.

WATTLE HEALTH

Wattle Health says revenue for the six months to December 31, 2020 was up 54.2 percent to \$714,000 with net loss after tax up 75.7 percent to \$16,787,000.

Wattle said its revenue mainly came from the sales of its organic whole and skim milk powder through its brands Uganic and Little Innoscents at Chemist Warehouse outlets. In December 2020, the company said it had a \$13.5 million "binding offer" for the Corio Bay Dairy Group in administration (AVW: Jan 18, 2021).

Today, Wattle said it incurred a non-recurring loss of \$14,792,000 due to the deconsolidation of Corio Bay Dairy Group in the six months to December 31, 2020. The company said diluted loss per share was up 40.1 percent to 6.88 cents in the six months to December 31, 2020, net tangible asset backing per share was down 90.5 percent to 1.99 cents, with cash and equivalents of \$110,000 at December 31, 2020. Wattle was untraded at 53 cents.

SEAFARMS GROUP

Seafarms says it has a "managing contractor" agreement with Brisbane's Canstruct for construction management, procurement, and construction of Project Sea Dragon.

Seafarms said the agreement was for stage 1a of Project Sea Dragon which would be a facility for black tiger prawn aquaculture in northern Australia, and stage 1a would involve construction of about 396 hectares (979 acres) of ponds and other infrastructure to support about 6,000 tonnes of "premium" black tiger prawns annually.

Seafarms said it would be responsible for aquaculture, biological engineering design, specialized aquaculture procurement and overall delivery while Canstruct would be responsible for procurement, risk management and managing the work packages. Seafarms fell 0.4 cents or 4.3 percent to nine cents with 1.5 million shares traded.

THE FOOD REVOLUTION GROUP

Food Revolution says its Juice Lab range of products has been accepted by Woolworths and Metcash IGA.

Food Revolution said its products would be available at Woolworths and Woolworths Metro stores in May and at Metcash, Foodland, and Ritchies in April.

Earlier this month, Food Revolution said Juice Lab Super Shots sales at Coles supermarkets had "exceeded expectations" (AVW: Mar 12, 2021).

The company said Juice Lab shots would be available at IGA outlets and Drakes' stores in South Australia had accepted their products.

Food Revolution was up 0.3 cents or 8.1 percent to four cents with 20 million shares traded.

ROOTS SUSTAINABLE AGRICULTURAL TECHNOLOGIES

Roots says it will launch a hemp-based meat and food venture in the US with the Jihlava, Czech Republic-based hemp-grower and food manufacturer Hempoint.

Roots said it would amend its original agreement with Hempoint to appoint it as the company's consultancy arm.

The company said it was "well-advanced in the formation of a US-based corporation" to sell and distribute its products, and preparations were underway to "finalize a multi-year plan with American-based partners".

Roots was up 0.1 cents or 5.3 percent to two cents with 1.2 million shares traded.

AUSCANN GROUP

Auscann says it has received the first instalment of \$US500,000 (\$A648,157) for the sale of its partially owned Chilean joint venture, Dayacann.

Last year, Auscann said it would sell its 50 percent interest in Dayacann, for \$US1.5 million to Growforchile and Telor International (AVW: Nov 13, 2020).

The company said two more instalments were due in the next two years.

Auscann was up half a cent or 3.6 percent to 14.5 cents with 1.15 million shares traded.

MGC PHARMA

MGC says it has ethics approval from two Israeli hospitals for its 252-patient, phase III trial of Cimetra, formerly Artemic, for Covid-19 patients.

MGC said the ethics committee approval was from the Haifa-based Rambam Health Care campus and Nazareth-based Edinburgh Medical Missionary Society Nazareth Hospital

Last year, the company said its 50-patient phase II trial of its Artemic for Covid-19 patients in Israel and India had “successfully met the primary and secondary endpoints” (BD: Dec 15, 2020).

Today, MGC said the phase III placebo-controlled trial would evaluate the efficacy and safety of Cimetra on patients diagnosed with Covid-19 and provide data for claims on the product as an investigational medicinal product.

The company said it had renamed Artemic as Cimetra as an investigational medicinal product and Artemic continued as a food supplement.

MGC said the trial was expected to begin in “early April”.

MGC fell 0.1 cents or 1.5 percent to 6.7 cents with 8.7 million shares traded.

ELIXINOL GLOBAL

Elixinol says the UK Food Standards Agency has allowed continued sale of its hemp-based food additives and skincare products, with toxicological studies pending.

Elixinol said that the European Industrial Hemp Association reported that the sale of “both full-spectrum and natural isolate [marijuana] products” of its members could remain on sale in the UK if applications were approved by the UK Food Standards Agency (FSA).

The company said it would receive official validation of its products from the FSA following the results of toxicological studies on both cannabidiol and tetrahydro-cannabinol expected in the coming months.

Elixinol chief executive officer Oliver Horn said that “the FSA’s response means we can continue to operate on a business-as-usual basis for now, while the toxicological work is being undertaken”.

Elixinol was unchanged at 18.5 cents.

CRESO PHARMA

Creso says it hopes to have its shares list on the US over-the-counter market and its target acquisition company Halucenex has acquired 700 mg of psilocybin.

Creso said the listing on the US Over The Counter Quality Exchange second board (OTCQB) was due to “growing interest” from North American investors.

The company said it expected to listing by July 2021 under the code CPH.

Creso said the additional pharmaceutical grade psilocybin brought Halucenex’s total to 12.3 g which allowed it to increase the number of participants in its phase II trial.

CANN GLOBAL

Cann Global has requested a trading halt “pending the release of an announcement regarding a material regulatory milestone”.

Trading will resume on March 30, 2021 or on an earlier announcement.

Cann Global last traded at 0.8 cents.

A2 MILK

Avanteos Investments says it has increased its substantial shareholding in A2 Milk from 39,557,860 shares (5.321%) to 46,904,625 shares (6.340%).

The Sydney-based Avanteos Investments said between May 27, 2020 and March 19, 2021 it bought and sold shares in about 900 trades.

Avanteos said the shares were held by Citibank NA Hong Kong, Citicorp Nominees Pty Ltd (Australia), Northern Trust Company and UBS Nominees Pty Ltd.

A2 fell 11 cents or 1.35 percent to \$8.04 with 8.6 million shares traded.

SYNLAIT MILK

Fidelity International Limited (FIL) says it has increased its substantial shareholding in Synlait from 14,261,922 shares (6.72%) to 17,032,277 shares (7.79%).

The Sydney, Bermuda and Hong Kong-based FIL said between November 19, 2020 and March 17, 2021 it bought and sold shares at prices ranging from \$3.335 to \$5.3326 a share.

Synlait was up 13 cents or 4.1 percent to \$3.27.

SYNLAIT MILK

Synlait says that director of operations Mark Toomey has resigned to “return home to Australia and pursue new opportunities”.

Synlait said it had appointed Mr Toomey as director of operations, effective from December 9, 2019 (AVW: Nov 29, 2019).

The company said Mr Toomey had worked with the operations team through Covid-19 and had progressed “several critical strategic operational projects during his time”.

Synlait said Mr Toomey was committed to a well-managed transition for the company during the search for his replacement, and Matthew Foster had been appointed as the acting general manager for manufacturing.

Synlait said Mr Toomey would be with the company until mid-June 2021.

RIDLEY CORP

Ridley says company secretary and legal affairs manager William Linehan has resigned effective from today, with Amy Alston continuing as company secretary.

Ridley fell two cents or 1.7 percent to \$1.16.