

# Ag & Vet Weekly



Monday July 12 – Friday July 16, 2021

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

- \* **ASX, AVW-42 UP: WELLNEX (WATTLE) UP 37.5%; CLOVER DOWN 3.55%**
- \* **MICROBIOGEN YEAST PRODUCES ANIMAL FOOD, BIO-ETHANOL**
- \* **FOOD REVOLUTION: \$8m LOANS; STEVEN CAIL CEO, JAC PHILLIPS**
- \* **SELECT HARVESTS EXPECTS ALMOND CROP UP 21.5% TO 28,250MT**
- \* **PHARMAUST, WEHI STUDY MONEPANTEL FOR HTLV-1, IN VITRO**
- \* **MGC STARTS 252-PATIENT, PHASE III CIMETRA (ARTEMIC) COVID-19 TRIAL**
- \* **MGC APPLIES FOR SLOVENIAN MARIJUANA DELIVERY PATENT**
- \* **CRESO COMPLETES HALUCENEX ACQUISITION**
- \* **CRESO LAUNCHES 2 MARIJUANA SPORT PRODUCTS IN SWITZERLAND**
- \* **GREENCAPE TAKES 5% OF ELDERS, AGAIN**
- \* **PERPETUAL TAKES 9.8% OF COSTA**
- \* **LAZARD TAKES 6% OF COSTA**
- \* **VANGUARD GROUP TAKES 5% IN COSTA**
- \* **THAI UNION GROUP TAKES 10% OF CLOVER**
- \* **BUBS APPOINTS KATRINA RATHIE DIRECTOR**
- \* **A2 MILK APPOINTS YOHAN SENARATNE, KEVIN BUSH EXECUTIVES**

## MARKET REPORT

The Australian stock market was up 0.17 percent on Friday July 16, 2021, with the ASX200 up 12.2 points to 7,348.1 points. Nineteen of the AVW-42 stocks were up, 10 fell, and 13 traded unchanged.

Wellnex (Wattle Health) was the best, up 4.5 cents or 37.5 percent to 16.5 cents, with 10.6 million shares traded. Cann Global climbed 9.1 percent; Roots rose 8.3 percent; Huon was up 7.4 percent; Epsilon improved 6.9 percent; Avecho and Terragen were up more than five percent; Creso and Wide Open rose more than three percent; A2, Memphasys, MGC, Palla and Regeneus improved more than two percent; Apiam and Seafarms were up more than one percent; with Costa, Ecofibre and Synlait up by less than one percent.

Clover Corp led the falls, down 6.5 cents or 3.55 percent to \$1.765, with 151,196 shares traded. Food Revolution lost 3.45 percent; AP Hemp, Fonterra and Nufarm fell more than one percent; with Bega, Elders, Next Science, Ridley and Select Harvests down by less than one percent.

## MICROBIOGEN

Sydney's Microbiogen says it has produced both high-protein food and low carbon bio-ethanol from non-food material using a genetically-modified version of common yeast. Microbiogen said it developed the *Saccharomyces cerevisiae* yeast strain in Australia in collaboration with Copenhagen-based partner Novozymes, to provide "a technological solution to the problem of producing low-carbon fuels while also increasing food production" from non-food sources including waste timber.

The company said the research was partly funded with a \$4 million grant from the Federal Government's Australian Renewable Energy Agency.

Microbiogen chief executive officer Geoff Bell said the project was "a game-changer that dramatically improved the commercial viability and environmental performance of biofuels [and] for the first time ever, a single yeast strain, optimized using our proprietary technology, can produce both clean fuel and food from non-food biomass".

Microbiogen said that first-generation ethanol relied on processing corn or sugarcane, converting some of the food portion into fuel, limiting production volumes and the amount of carbon dioxide that could be removed from the atmosphere.

The company said that second generation ethanol was produced from agricultural waste products such as timber offcuts, crop residues or waste sugarcane pulp, but the material was "difficult and relatively costly to break down into component sugars" with slow progress using conventional yeast.

Microbiogen said that its yeast agent overcame the barriers, converting both hard-to-catalyze sugars derived from non-food substrates into biofuel, and waste by-product into a high-value food source.

The company said that compared to benchmark commercial yeast strains, its genetically-modified yeast reduced carbon dioxide emissions 29 percent, fossil energy use by 11 percent and water use by 75 percent.

Microbiogen said that the food created from sugarcane bagasse in its production process would be the equivalent of 2.4 times the food of crops grown elsewhere.

The company said it would undertake commercial scale trials with Novozymes this year.

Microbiogen said that bio-ethanol was a clean-burning, high-octane fuel that could substitute for crude oil in most transport and industrial applications, with about 110 billion litres of bioethanol produced each year, 90 percent in the US and Latin America, and most is first generation based on corn or sugar cane.

Microbiogen is a private company.

## THE FOOD REVOLUTION GROUP

Food Revolution says it has secured \$8.1 million in National Australia Bank loans and appointed Steven Cail as chief executive officer and Jacqueline Phillips as a director.

Food Revolution said it had a five-year agreement with the National Australian Bank to cover all its banking needs which included a \$6.5 million equipment finance loan at a 4.2 percent fixed interest over five years, replacing its existing Greensill facility.

The company said it had a \$1.0 million "invoice finance facility" at 6.22 percent interest and a \$600,000 bank guarantee at 2.79 percent interest over five years.

Food Revolution said Mr Cail joined the company as its chief financial officer on March 5, 2021 and would begin the new position on July 12, on a base salary of \$210,000 a year, not including superannuation and an annual bonus scheme.

Food Revolution said Ms Phillips had been appointed as an independent director, effective from July 12, 2021, replacing Tony Rowlinson.

Food Revolution fell 0.1 cents or 3.45 percent to 2.8 cents with 3.7 million shares traded.

## SELECT HARVESTS

Select Harvests says it expects the almond crop for the year to September 30, 2021 to be 21.5 percent greater than the previous year at 28,250 million tonnes.

Select Harvest said that the harvest had been completed, including from the acquisition of the Piangil orchard, and delivered to its Carina West processing facility.

The company said that 60 percent of the crop was committed at prices ranging from \$5.90/kg to \$6.40/kg, with the un-committed portion the lower value grades.

Select Harvests said that Australian and US processors had shipping delays due to container shortages, but “we are experiencing only minor related cashflow delays”.

Select Harvests managing-director Paul Thompson said that “record almond shipments and the worsening Californian drought have led to a recent price appreciation”.

“Demand for almonds, both in their natural form and as a value-added food ingredient, in products such as plant-based milks and yoghurts, continues to grow,” Mr Thompson said.

Select Harvests said the industry had “significant growth in global demand across all markets, particularly in our traditional almond markets: India, Europe and China”.

The company said that Californian domestic and export shipments from August 2020 to June 2021 were up 21.7 percent and commitments were up 34.0 percent lifting the combined shipped/committed volume to 3.16 billion pounds (1.4 million tonnes) compared to last year’s volume of 2.56 billion pounds, while Australian almond exports were up 54 percent, India rose 200 percent, Europe was up 69 percent, with China up nine percent.

The company said the US Department of Agriculture 2021 Objective Crop Estimate for the US almond crop was 2.8 billion pounds, down 12.5 percent on the 3.2 billion pound Subjective Estimate on May 12, 2021, but with the California drought worsening in recent months, the Subjective Estimate had “proven to be too optimistic”.

The company said strong shipment numbers and worsening drought in California increased almond pricing between five percent and 10 percent over the last six weeks.

Select Harvests fell five cents or 0.7 percent to \$7.25 with 402,004 shares traded.

## PHARMAUST, THE WALTER AND ELIZA HALL INSTITUTE OF MEDICAL RESEARCH

Pharmaust says it will work with the Walter and Eliza Hall Institute to investigate the effects of monepantel on human T-lymphotrophic virus-1 infections (HTLV-1), in vitro.

Pharmaust said that HTLV-1 was a cancer inducing virus that targeted the immune system, and could cause adult T-cell leukaemia and/or lymphoma, transmitted primarily through infected bodily fluids including blood and breast milk.

The company said that about 10 million to 20 million people worldwide were infected with HTLV-1 with high recorded incidence in Japan, while several central Australian indigenous populations have infection rates of over 60 percent.

Pharmaust said that HTLV-1 infection was associated with pulmonary disease, inflammatory disorders and, in some cases, progressive leukaemia and/or lymphoma.

The company said that the pre-clinical studies followed its Covid-19 program “aiming to broaden the scope of targets for [monapantel’s] potential anti-viral activity”.

Pharmaust has previously said it was investigating the Elanco sheep round-worm treatment for human and canine cancer as well as severe acute respiratory syndrome coronavirus-2 (Sars-Cov-2) and motor-neuron disease.

The company said that the research at WEHI would be led by Prof Marc Pellegrini, who also led the Sars-Cov-2 research.

Pharmaust said that the fee payable to the Institute was “not material” with preliminary data expected in December 2021.

Pharmaust was unchanged at 9.4 cents.

### MGC PHARMACEUTICALS

MGC said the first of 252 adult patients has been recruited for its Israel and Brazil randomized, double-blind, placebo-controlled, phase III trial of Cimetra for Covid-19. MGC said the patient was recruited at the Haifa, Israel-based Rambam Medical Center (BD: Mar 23, 2021).

The company said the trial was designed to test Cimetra on moderate hospitalized patients infected with Covid-19 for safety and efficacy, "with the purpose of treating the patho-physiological repercussions of infection with severe acute respiratory syndrome coronavirus-2 (Sars-Cov-2).

MGC said the trial would have three arms, testing two different compositions of Cimetra, which was also called Artemic, including artemisinin, curcumin, boswellia and vitamin C in a spray administration, as an additional therapy, compared with placebo.

The company said the primary endpoint was the time to sustained clinical improvement, defined as a national early warning score of 2 maintained for 24 hours in comparison to routine treatment, measured on days 7, 14 and 28.

MGC said the study would last for four weeks, and any additional time required for follow-up until hospital discharge, to check side effects and study drug efficacy.

MGC was up 0.1 cents or 2.6 percent to four cents with 6.6 million shares traded.

### MGC PHARMACEUTICALS

MGC says it has applied to the Slovenian Intellectual Property Office for a patent covering its "self-nano-emulsifying drug delivery system" for marijuana molecules.

MGC said the patent, titled 'Cannabinoids-Ionic complex self-nanoemulsifying concentrate and method for preparation thereof' would protect its "self-nano-emulsifying cannabinoids-ionic complex concentrate drug delivery system", its formulation, method of manufacture and capacity for enhancing stability, solubility and bioavailability.

The company said its drug delivery system could administer higher cannabidiol concentrations at 100-200mg/ml for the treatment of neurological conditions.

MGC said that the molecule emulsified "immediately at the oral mucosa epithelium, resulting in instant bio-trade into the blood plasma".

The company said the claims covered the manufacture of cannabinoids concentrate in liquid (oral mucosal spray, drops) or solid (powder, gelatin capsule) forms.

MGC said its drug delivery system was based on type IV oil-free nano-technology which had a globular molecule size below 50 nano-metres enabling it to pass through the blood brain barrier, for the treatment of neurological diseases.

### CRESO PHARMA

Creso says it has completed the acquisition of the Windsor, Nova Scotia-based Halucenex Life Sciences providing access to psychedelic-assisted psycho-therapy.

In March, Creso said it would buy Halucenex for \$500,000 in cash, 29,251,795 shares and 17,551,077 performance shares for its psilocybin 'magic' mushroom compounds for post-traumatic stress disorder (BD: Mar 15, 2021).

Today, the company said the acquisition was "an important milestone" and it would be one of the few companies working in cannabis and psychedelic research and development.

Creso chair Adam Blumenthal said that completing the acquisition was "a major milestone for the company and we will now pursue a number of near-term value creation strategies through the subsidiary and in preparation of the proposed merger with Red Light Holland."

Creso was up half a cent or 3.7 percent to 14 cents with 62.8 million shares traded.

### CRESO PHARMA

Creso says it has launched its marijuana-based Cannadol gel products for sports in Switzerland.

Creso said it launched Cannadol Boost for use before sports activity and Cannadol Recovery to be used after physical activity to enhance recovery, developed using its hemp, cannabidiol tea-based technology.

The company said Cannadol Boost contained a formula of caffeine, taurine, vitamins and minerals for energy boost while Cannadol Recovery contained lemon balm, curcumin, vitamins and minerals.

### ELDERS

Sydney's Greencape said it has become a substantial shareholder in Elders, again, with 7,930,461 shares or 5.07 percent.

This week, Greencape said between April 23 and July 9, 2021 it bought sold and shares with the single largest purchase 70,561 shares for \$818,105 or \$11.59 a share.

In April, Greencape said it ceased its substantial holding in Elders, having become substantial in January (AVW: Jan 18, Apr 23, 2021).

Elders fell 10 cents or 0.9 percent to \$11.02 with 603,894 shares traded.

### COSTA GROUP HOLDINGS

The Sydney-based Perpetual says it has increased its substantial shareholding in Costa from 34,484,845 shares (8.60%) to 43,043,918 shares (9.80%).

Perpetual said between June 2 and July 7, 2021, it bought and sold shares at prices ranging from \$3.23 to \$3.47 a share.

Costa was up one cent or 0.3 percent to \$3.32 with 1.3 million shares traded.

### COSTA GROUP HOLDINGS

Lazard Asset Management says it has increased its substantial shareholding in Costa from 20,914,112 shares (5.22%) to 27,405,273 shares (6.24%).

The Sydney-based Lazard Asset Management said between May 21 and July 12, 2021, it bought and sold shares, with the single largest purchase 3,707,123 shares for \$11,165,932 or \$3.00 a share.

### COSTA GROUP HOLDINGS

Vanguard Group says it has become a substantial shareholder in Costa with 22,981,760 shares or 5.233 percent of the company.

The Valley Forge, Pennsylvania-based Vanguard said between March 5 and July 2, 2021, it bought, sold and transferred shares, at prices ranging from \$3.00 to \$4.83 a share.

### CLOVER CORP

The Thai Union Group Public Company says it has increased its substantial shareholding in Clover from 10,168,289 shares (6.11%) to 16,640,000 shares (10.005%).

The Bangkok-based Thai Union Group said that between June 15 and July 9, 2021, it bought shares at prices ranging from \$1.7881 to \$1.8450 a share.

Clover fell 6.5 cents or 3.55 percent to \$1.765.

### BUBS AUSTRALIA

Bubs says it has appointed Katrina Rathie as an independent, non-executive director, effective from July 21, 2021.

Bubs said Ms Rathie had more than 35 years' experience as a lawyer, working in intellectual property, brands and consumer law and had more than 10 years of corporate governance experience with not-for-profit organizations.

The company said Ms Rathie was previously the partner-in-charge at King and Wood Mallesons, having been a partner with the firm for 27 years, and had advised companies including Proctor and Gamble, Nestle and Woolworths.

Bubs said Ms Rathie held a Bachelor of Commerce and a Bachelor of Laws from the University of New South Wales and was admitted to the New York Bar in 1988.

Bubs was unchanged at 50 cents with 1.6 million shares traded.

### THE A2 MILK COMPANY

A2 Milk says it has appointed Yohan Senaratne and Kevin Bush as executive general managers, effective from July 15 and from July 12, 2021 respectively.

A2 Milk said the appointments were following the resignation of its chief executive officer for Asia Pacific Peter Nathan.

The company said Mr Senaratne would be responsible for leading its cross-border export business, primarily focusing on English label products manufactured in New Zealand and sold into China, and liquid milk and other nutritional products.

A2 Milk said Mr Bush would be responsible for leading the company's business in Australia and New Zealand focusing on continuing to grow its liquid milk business and evolving its strategy.

A2 Milk was up 20 cents or 2.9 percent to \$7.01 with 8.1 million shares traded.