

Ag & Vet Weekly



Monday July 26 – Friday July 30, 2021

All the news on ASX-listed agriculture and veterinary companies

- * ASX, AVW-42 DOWN: WELLNEX (WATTLE) UP 9%; CANN GLOBAL DOWN 9%
- * ABARES: 'DISPUTE COULD END WINE EXPORTS TO CHINA'
- * FEDERAL \$860k FOR MILK, NUT MARKETS ON CHINA LOSS
- * CANN GROUP PLACEMENT, SHARE PLAN FOR \$20m
- * PHARMAUST: 3 LABS BACK MONEPANTEL FOR SARS-COV-2, IN-VITRO
- * CLEAN SEAS RECEIPTS UP 5.35% TO \$45m
- * BUBS RECEIPTS DOWN 34% TO \$44m
- * TASFOODS RECEIPTS UP 3% TO \$34m
- * ALTHEA RECEIPTS UP 126% TO \$10.3m
- * REGENEUS RECEIPTS \$7.7m
- * WIDE OPEN RECEIPTS UP 241% TO \$4.7m
- * OCEAN GROWN RECEIPTS UP 11.5% TO \$3.2m
- * TERRAGEN RECEIPTS UP 82% TO \$2.9m
- * MGC RECEIPTS UP 26.5% TO \$2.7m
- * PHARMAUST RECEIPTS DOWN 30% TO \$2.5m
- * AUSTRALIAN PRIMARY HEMP RECEIPTS UP 30.5% TO \$1.5m
- * CANN GROUP RECEIPTS DOWN 20% TO \$1.4m
- * REGENEUS, KOLLING WORK ON PROGENZA FOR OSTEO-ARTHRITIS
- * CLEAN SEAS REDEEMS \$9.1m CONVERTIBLE NOTES
- * EPSILON 64% VOTE OFF DIRECTORS ALAN BEASLEY, LOU CATTELAN
- * ALLAN GRAY TAKES 10% OF NUFARM
- * C2 CAPITAL DILUTED TO 12.5% IN BUBS
- * A2 MILK APPOINTS AMANDA HART CPCO
- * ROOTS' CHAIR BOAZ WACHTEL STANDS DOWN, ADAM BLUMENTHAL
- * MILES BRENNAN REPLACES TERRAGEN CFO, CO-SEC KARA KING

MARKET REPORT

The Australian stock market was down 0.33 percent on Friday July 30, 2021, with the ASX200 down 24.8 points to 7,392.6 points. Thirteen of the AVW-42 stocks were up, 20 fell, seven traded unchanged and two were untraded.

Wellnex (Wattle Health) was the best, up one cent or 8.7 percent to 12.5 cents, with 631,961 shares traded. Auscann and Nanollose climbed five percent or more; Palla Pharma improved 4.2 percent; Clover, MGC and Pharmaust rose more than two percent; Althea, Apiam, Select Harvests and Terragen were up more than one percent; with Clean Seas and Wide Open up by less than one percent.

Cann Global led the falls, down 0.05 cents or 9.1 percent to 0.5 cents, with 651,536 shares traded. Cann Group lost 8.1 percent; Avecho and Ecofibre fell more than five percent; A2 and Elixinol were down more than four percent; Bubs, Costa and Regeneus retreated more than three percent; Murray Cod, Nufarm and Tassal shed more than two percent; AP Hemp, Bega, Elders, Memphasys and Seafarms were down one percent or more; with Fonterra, Next Science and Ridley down by less than one percent.

BUREAU OF AGRICULTURAL AND RESOURCE ECONOMICS AND SCIENCES

The Australian Bureau of Agricultural and Resource Economics and Sciences says the dispute with China has “disrupted Australia’s wine trade”.

Last year, several Federal Ministers publicly questioned China’s role in the coronavirus pandemic calling for an investigation, which resulted in China taking action against imports of Australian barley, wine and beef (AVW: May 22, 2020).

At the time, China took 32.6 percent of Australia’s exports, or \$153.2 billion a year.

This week, Abares said that a research report, titled, ‘Australian wine in China: Impact of China’s anti-dumping duties’, investigated the short-to-medium-term consequences of China’s “punitive anti-dumping measures on Australian wine exports”.

A media release from Abares executive director Dr Jared Greenville said the duties ranged from 116 percent to 218 percent and would “cause China’s imports of bottled wine from Australia to cease entirely”.

Dr Greenville said that “only 60 percent of wine destined for China will find a place in our other existing markets by 2025, unless we make the effort to find alternative markets or do things differently”.

He said that Australia exported wine to more than 100 countries, but China was the largest in both export and volume.

“Without growing existing markets or finding new ones, the export value of Australian wine in 2025 is expected to be \$480 million lower,” Dr Greenville said. “The total cost of the anti-dumping measures could be at least \$2.4 billion over a five-year period.”

“For wine grape growers, the loss of production would be \$67 million annually ... [with] annual losses of \$11 million in the Riverina, \$11 million for the Victoria-North West region, \$23 million for South Australia-South East region, and \$21 million for growers everywhere else,” Dr Greenville said.

“This isn’t to spell doom and gloom; it’s an outcome that can be avoided if we look at finding other markets for Australian wine or find ways to generate more value from our wine sold into existing markets,” Dr Greenville said.

“The Australian wine industry is resilient, and industry bodies and businesses have already had success in diverting to other markets,” Dr Greenville said.

The report is at: https://daff.ent.sirsidynix.net.au/client/en_AU/search/asset/1032321/0.

FEDERAL GOVERNMENT

The Federal Government says it has awarded \$550,000 to the Australian Nut Industry Council and \$310,000 to Dairy Australia to find new markets following the loss of China. Last year, several Federal Ministers publicly questioned China's role in the coronavirus pandemic calling for an investigation, which resulted in China taking action against imports of Australian barley, wine and beef (AVW: May 22, 2020).

At that time, China took 32.6 percent of Australia's exports, totalling \$153.2 billion a year. Last week, a media release from the Federal Minister for Agriculture David Littleproud said that Grains Australia was awarded \$969,480 "to develop new export markets for Australian grains, oilseeds and pulses" and Australian Grape & Wine received \$998,000 "to explore potentially lucrative new international marketing options for locally produced premium [wine]" (AVW: Jul 23, 2021).

This week, Mr Littleproud said that the \$550,000 for the Australian Nut Industry Council would "assist with market expansion, diversification and sustainability ... and look to build on our clean and green reputation to grow Australian exports".

Mr Littleproud said the grant would put in place "a two-pronged strategy to increase the market share for Australian nut growers".

"The project will draw on industry research into high-growth markets for Aussie nuts including the UK and India," Mr Littleproud said.

"The Australian Nut Industry Council will use the information to look at market research, including consumer behavior, supply chains and currency risk," Mr Littleproud said.

"The funding will also look to take advantage of our international reputation for safe, quality and sustainably produced agricultural goods," Mr Littleproud said. "This will include climate change adaptation, biosecurity, water use, soil and product traceability."

In a separate announcement, Mr Littleproud said that the \$310,000 for Dairy Australia would "help reduce technical barriers to trade in South East Asian markets".

"What this grant will do is identify and reduce the impact of technical barriers to trade," Mr Littleproud said.

"Technical barriers include measures such as product testing, shelf life and food labelling," Mr Littleproud said.

"These requirements add costs to exporters and often impede their ability to get Australian products to international markets," Mr Littleproud said.

"As a government, we help make trade easier by pursuing trade agreements, and we have taken steps to do so," Mr Littleproud said.

CANN GROUP

Cann Group says it has commitments to raise \$10 million in a private placement at 27.5 cents a share, and hopes to raise a further \$10 million in a share plan.

Cann Group said the price was a 27.6 percent discount to the closing price on July 21, 2021 and a 28.4 percent discount to the volume weighted average price prior to the date.

The company said the funds would be used for "projects and activities which are expected to accelerate [its] growth and generate substantial cost savings".

Cann Group said its directors would participate in the placement and had subscribed for 3,890,912 new shares to raise \$1,070,000.

The company said the share plan required shareholder approval and details would be provided on approval.

Cann Group said that PAC Partners Securities Pty Ltd was the lead manager for the placement with Moelis Australia Advisory Pty Ltd assisting.

Cann Group fell 2.5 cents or 8.1 percent to 28.5 cents with 9.2 million shares traded.

PHARMAUST

Pharmaust says monepantel and metabolite monepantel sulfone reduce severe acute respiratory syndrome coronavirus-2 (Sars-Cov-2) by up to 50 percent, in-vitro.

Pharmaust said that with three independent laboratories, it investigated the capacity of the Elanco sheep roundworm treatment to inhibit Sars-Cov-2-induced cell death, Sars-Cov-2 RNA release from the cell, and Sars-Cov-2 RNA infection of neighboring cells.

The company said that the laboratories showed that both monepantel and monepantel sulfone protected against cell death, in-vitro, following infection with Sars-Cov-2.

Pharmaust said that in one study both monepantel and monepantel sulfone showed an about 50 percent decrease of Sars-Cov-2 viral RNA, with monepantel sulfone alone reducing Sars-Cov-2 virus RNA by 60 percent to 70 percent.

The company said that monepantel and monepantel sulfone suppressed the infectivity of Sars-Cov-2 virus particles, significantly in extended tissue culture infective dose assays.

Pharmaust said that one laboratory showed suppression of about 99 percent and 75 percent for monepantel and monepantel sulfone, respectively, in two different cell lines, while in a second laboratory, suppression was about 95 percent for both monepantel and monepantel sulfone on one cell line.

The company said that monepantel and monepantel sulfone could protect cells in-vitro against Sars-Cov-2-induced cell death, inhibit completion of the Sars-Cov-2 life cycle, by blocking transmission of virus to neighboring cells, and might act later in the Sars-Cov-2 virus life cycle than well characterized drugs such as remdesivir.

Pharmaust said that the potentially distinct mechanism of action by monepantel and monepantel sulfone might "offer the opportunity to generate 'combination cocktails' with other anti-virals to simultaneously block multiple points of the virus life cycle to strengthen anti-viral activity".

The company said it was in discussions with contract research organizations for European and UK evaluations in a phase I trial for Covid-19 once manufacture of good manufacturing practice-grade monepantel tablets was completed.

Pharmaust was up 0.2 cents or 2.2 percent to 9.2 cents.

CLEAN SEAS SEAFOOD

Clean Seas says that receipts from customers for the year to June 30, 2021, was up 5.35 percent to \$44,940,000 compared to the previous corresponding period.

Clean Seas says that receipts for the three months to June 30, 2021, primarily from sales of its Yellowtail Kingfish, was up by 108.5 percent to \$11,937,000.

The company said it had 4.78 quarters of funding available.

Clean Seas was up half a cent or 0.9 percent to 54 cents.

BUBS AUSTRALIA

Bubs says that receipts from customers for the year to June 30, 2021, was down 33.6 percent to \$43,981,000 compared to the previous corresponding period.

Bubs said that receipts for the three months to June 30, 2021, primarily from its infant formula and goat dairy products, fell by 45.9 percent to \$9,075,000.

The company said it had 11 quarters of funding available.

Bubs fell 1.5 cents or 3.3 percent to 44.5 cents with 2.2 million shares traded.

TASFOODS

Tasfoods says that receipts from customers for the year to June 30, 2021, was up 2.99 percent to \$34,050,000 compared to the previous corresponding period.

Tasfoods says that receipts for the three months to June 30, 2021, from sales of dairy and poultry products, was up by 5.65 percent to \$17,231,000.

The company said it had nine quarters of funding available.

Tasfoods was unchanged at 12 cents.

ALTHEA GROUP HOLDINGS

Althea says receipts from customers for the year to June 30, 2021 was up 125.7 percent to \$10,298,000 compared to the previous corresponding period.

Althea said that receipts from customers for its marijuana products for the three months to June 30, 2021 was up 86.1 percent to \$2,848,000.

The company said it had 2.59 quarters of funding available.

Althea was up half a cent or 1.6 percent to 32 cents.

REGENEUS

Regeneus says customer receipts for the 12 months to June 30, 2021 were \$7,659,000, including a \$6.9 million in milestone payments for its Progenza OA (AVW: Jan 29, 2021).

Regeneus said it had 4.39 quarters of funding available.

Regeneus fell 0.3 cents or 3.8 percent to 7.6 cents.

WIDE OPEN AGRICULTURE

Wide Open says receipts from customers for the year to June 30, 2021 was up 241.4 percent to \$4,749,000 compared to the previous corresponding period.

Wide Open said that receipts from customers for its plant-based milk and meat products for the three months to June 30, 2021 was up 186.6 percent to \$1,585,000.

The company said it had estimated 7.5 quarters of funding available.

Wide Open was up half a cent or 0.6 percent to 80 cents.

OCEAN GROWN ABALONE

Ocean Grown says receipts from customers for the year to June 30, 2021 were up 11.5 percent to \$3,181,000 compared to the previous corresponding period.

Ocean Grown said that receipts from customers from sales of its farmed greenlip abalone for the three months to June 30, 2021 was up 172.0 percent to \$748,000.

The company said it had 23.4 quarters of funding available.

Ocean Grown was untraded at 8.7 cents.

TERRAGEN HOLDINGS

Terragen says receipts from customers for the year to June 30, 2021 was up 82.0 percent to \$2,901,000 compared to the previous corresponding period.

Terragen said receipts from customers for its Great Land soil conditioner and Mylo feed supplement for the three months to June 30, 2021 was up 124.2 percent to \$823,000.

The company said it had cash equivalents of \$11,642,000 at June 30, 2021.

Terragen was up half a cent or 1.7 percent to 29.5 cents.

MGC PHARMACEUTICALS

MGC says receipts from customers for the year to June 30, 2021 was up 26.5 percent to \$2,672,000 compared to the previous corresponding period.

MGC said that receipts from customers for its marijuana-derived products for the three months to June 30, 2021 was up 232.4 percent to \$1,303,000.

The company said it had 4.43 quarters of funding available.

MGC was up 0.1 cents or 2.5 percent to 4.1 cents.

PHARMAUST

Pharmaust says that receipts from customers for the year to June 30, 2021, was down 29.8 percent to \$2,462,000 compared to the previous corresponding period.

Pharmaust said that receipts for the three months to June 30, 2021, primarily from its Epichem medicinal chemistry subsidiary, fell by 35.4 percent to \$403,000.

The company said it had 3.8 quarters of funding available.

AUSTRALIAN PRIMARY HEMP

Australian Primary Hemp says receipts from customers for the year to June 30, 2021 was up 30.5 percent to \$1,516,000 compared to the previous corresponding period.

AP Hemp said that receipts from customers for its Mt Elephant brand plant-based milk substitute products for the three months to June 30, 2021 was up 32.0 percent to \$450,000, with an estimated 2.55 quarters of funding available.

AP Hemp fell half a cent or 1.35 percent to 36.5 cents.

CANN GROUP

Cann Group says receipts from customers for the year to June 30, 2021 was down 20.0 percent to \$1,378,000 compared to the previous corresponding period.

Cann Group said that receipts from customers for its marijuana products for the three months to June 30, 2021 was up 1059.2 percent to \$568,000.

The company said it had estimated nine quarters of funding available (see above).

REGENEUS

Regeneus says it will conduct work with Sydney's Kolling Institute on Progenza for inflammatory and immune responses to post-traumatic osteo-arthritis, in mice.

Regeneus said that the collaboration was with Prof Christopher Little at the Kolling Institute at the Royal North Shore Hospital.

The company said the study would explore the disease-modifying effects of Progenza and assess its effect in modulating the inflammatory and immune responses in a mouse model of post-traumatic destabilization of the medial meniscus osteoarthritis.

Regeneus said the study would measure the effect of Progenza against control on progressive pathology, through cartilage and bone structure changes, and on pain.

The company said that it expected to complete the study by April 2022.

Regeneus said the study would support non-clinical work required prior to phase II trials in Japan and the US.

CLEAN SEAS SEAFOOD

Clean Seas says it will fully redeem 9,144,376 outstanding convertible notes at a face value of \$1.00 each, along with any unpaid interest on August 31, 2021.

EPSILON HEALTHCARE (FORMERLY THE HYDROPONICS CO)

Epsilon says its annual general meeting has voted founder Alan Beasley and Lou Cattelan off the board with both opposed by more than 64.3 percent of meeting votes.

Epsilon's meeting results notice said that 22,123,730 votes (64.37%) opposed Mr Cattelan with 12,247,870 votes (35.63%) in favor.

The notice said that Mr Beasley faced 22,098,835 opposition votes (64.31%) with 12,261,499 votes (35.63%) in favor.

Epsilon said that all other resolutions, including the remuneration report and 10 percent placement capacity were opposed by 6.50 percent to 7.80 percent of votes.

According to Epsilon's most recent Appendix 2A application for quotation of securities, the company had 192,706,949 shares on offer meaning that the votes against Mr Cattelan amounted to 11.5 percent of the company, sufficient to requisition extraordinary general meetings.

Epsilon called a trading halt to appoint new directors and last traded at 15 cents.

NUFARM

Sydney's Allan Gray Australia says it has increased its substantial shareholding in Nufarm from 32,827,083 shares (8.65%) to 37,131,613 shares (9.78%).

Allan Gray said that it bought and sold shares between August 4, 2020 and July 26, 2021, but failed to specify the prices as required under the Corporations Act 2001.

Nufarm fell nine cents or 2.05 percent to \$4.31 with one million shares traded.

BUBS AUSTRALIA

The Cayman Islands-based C2 Capital says its 76,288,510 share-holding in Bubs was diluted from 15 percent to 12.45 percent on October 21, 2020, due to a capital raising.

Last year, Bubs said its placement and share plan at 80 cents a share raised \$32.1 million (AVW: Sep 4, Oct 9, 2020).

THE A2 MILK COMPANY

A2 Milk says it has appointed Amanda Hart as its chief people and culture officer, effective from September 6, 2021.

A2 Milk said Ms Hart was previously the head of human resources at Dyson Appliances and worked in human resources at Cotton On Clothing and Global Radio.

The company said Ms Hart would be responsible for "driving the people strategy and executing integrated programs focused on continuing to improve A2's capability building, leadership development, employee engagement, diversity and inclusion, and pioneering culture".

A2 Milk fell 28 cents or 4.6 percent to \$5.86 with 10.5 million shares traded.

ROOTS SUSTAINABLE AGRICULTURAL TECHNOLOGIES

Roots says Boaz Wachtel has temporarily resigned as executive chair and will continue as its chief executive officer and director, effective immediately.

Roots said Adam Blumenthal will be interim non-executive chair until “shareholders approve Mr Wachtel’s dual roles of executive chair and chief executive officer”, which will be sought at its annual general meeting.

The company said Mr Wachtel was previously the managing-director at MMJ and executive chair at Creso Pharma.

Roots was unchanged at 1.2 cents.

TERRAGEN HOLDINGS

Terragen says it has appointed Miles Brennan as its chief financial officer and company secretary replacing Kara King, effective from August 30, 2021.

Terragen said Mr Brennan was most recently the financial controller at Simplot Australia and previously was with Fosters Group and Treasury Wine Estates.

**Ag & Vet Weekly can be contacted at: PO Box 5000, Carlton, Victoria, Australia, 3053
email: editor@agvetweekly.com; www.agvetweekly.com; twitter: @AgVetWeekly**