

Ag & Vet Weekly



Monday October 11 – Friday October 15, 2021

All the news on ASX-listed agriculture and veterinary companies

- * **ASX UP, AVW-44 DOWN: EPSILON UP 12.5%; CANN GLOBAL DOWN 11%**
- * **SEAFARMS RAISES SEA DRAGON COST 41% TO \$410m; CANSTRUCT \$95m**
- * **ROOTS LAUNCHES 'SUPER MINI' RZTO SYSTEM**
- * **HARVEST, SPEEDCAST RESELLER DEAL**
- * **OCEAN GROWN NAME CHANGE TO RARE FOODS AUSTRALIA**
- * **AUSCANN: MARIJUANA DERMACANN SAFE IN DOGS AT 5mg/kg**
- * **CRESO: 'MERNOVA HIGHEST LEGAL THC IN CANADA'**
- * **MURRAY COD 16m DIRECTOR OPTIONS AGM**
- * **MGC TELLS ASX: DIRECTOR HAYES 3Y WRONG; SHARE TRADE OK**
- * **WILSON ASSET MANAGEMENT TAKES 5.4% OF RIDLEY**
- * **MASSACHUSETTS FINANCIAL REDUCES IN RIDLEY**
- * **VASILIOS VOTSARIS, BATMAN TAKE 5% OF FOOD REVOLUTION**
- * **HARVEST APPOINTS JACK ROSAGRO CO-CO SEC**

MARKET REPORT

The Australian stock market was up 0.69 percent on Friday October 15, 2021, with the ASX200 up 50.3 points to 7,362.0 points. Thirteen of the AVW-44 stocks were up, 17 fell, 12 traded unchanged and two were untraded.

Epsilon was the best, up 1.5 cents or 12.5 percent to 13.5 cents, with 837,522 shares traded. Next Science climbed 8.6 percent; Althea and Ecofibre improved more than three percent; AP Hemp, Auscann, Clean Seas, Murray Cod, Select Harvests, Tassal and Terragen were up more than one percent; with Huon and Wide Open Agriculture up by less than one percent.

Cann Global led the falls, down 0.05 cents or 11.1 percent to 0.4 cents, with 11.4 million shares traded. Botanix, Creso and Elders fell more than four percent; Food Revolution fell 3.45 percent; A2 Milk, Bubs, Ocean Grown and Seafarms shed more than two percent; Cann Group, Clover, Costa, MGC, Nufarm, Pharmaust and Synlait were down more than one percent; with Bega Cheese down 0.55 percent.

SEAFARMS GROUP

Seafarms Group says it has raised the maximum cost of stage 1a of Project Sea Dragon 41.4 percent to \$410 million and awarded a \$95 million contract to Canstruct.

In June, Seafarms said that stage 1a of the Project Sea Dragon expansion of its black tiger prawn farm would cost between \$275 million to \$290 million with a “best estimate” of \$281 million (AVW: Jun 25, 2021).

Earlier this year, Seafarms said it had a “managing contractor” agreement with Brisbane’s Canstruct for construction management, procurement and construction of Project Sea Dragon and the agreement would have five contracts worth about \$78 million (AVW: Mar 22, May 24, 2021).

This week, the company said that the re-forecast capital cost estimate was \$370 million to \$410 million, which included allowances for contingency and escalation and Canstruct had been awarded \$95 million for construction work at the Northern Territory’s Legune grow-out centre for Project Sea Dragon.

Seafarms said construction was progressing as scheduled, with the 76-person camp, called the Bundaberg camp at Legune was complete and available for occupancy.

Seafarms fell 0.1 cents or 2.1 percent to 4.7 cents with 7.9 million shares traded.

ROOTS SUSTAINABLE AGRICULTURE

Roots says it has launched a mid-size root zone temperature optimization (RZTO) system, the Super Mini for up to 200 pots of plants.

In August, Roots said it launched a small-scale root zone temperature optimization (RZTO) system to target home gardeners and previously announced trials and larger scale farm contracts for fruit, vegetables and marijuana (AVW: Aug 26, 2021).

Today, the company said the super mini offered the technology in three sizes, which targeted a larger segment of the market and strengthened its product portfolio.

Roots was unchanged at one cent.

HARVEST TECHNOLOGY GROUP

Perth’s Harvest says that Sydney’s Speedcast Australia Pty Ltd will resell its network optimized live-streaming products.

Last week, Harvest said that it launched Opsivity in the US to “solve technical issues ... for sectors that are challenged by labor shortages” (AVW: Oct 8, 2021).

Today, the company said the initial 12-month, non-exclusive, worldwide agreement would allow Speedcast to resell its systems “to provide remote communications services for customers across sectors such as maritime, mining and telecommunications”.

Harvest did not specify any minimum quantities of value of sales.

Harvest was unchanged at 39 cents.

OCEAN GROWN ABALONE

Ocean Grown says it proposes to change its name to Rare Foods Australia, pending shareholder approval at this year’s annual general meeting.

Ocean Grown said the new name aligned with its “longer-term diversification strategies to introduce new products that align with future direction and growth strategy” and proposed to merge its two websites.

The company told AG & Vet Weekly that it expected to change its ASX code.

Ocean Grown fell 0.2 cents or 2.4 percent to 8.2 cents.

AUSCANN

Auscann says a 15-dog, 90-day study of marijuana-based Dermacann shows the dermatology product is safe and tolerable at up to five times the daily recommended dose. Auscann said that Dermacann was in development for anti-inflammatory and immune support for dogs with skin conditions.

The company said that the study at an unnamed US veterinary research site treated five dogs with 3mg/kg Dermacann and 5mg/kg Dermacann for 92 days and said the doses were “clinically well tolerated with no clinically relevant nor statistical differences between treated and [the five] control dogs”.

Auscann said all other clinical chemistry results were normal, supporting Dermacann to be “safe and effective product for use in dogs at up to 5 [times] the planned dose”.

Auscann said it submitted the second data module for the registration of Dermacann to the Australian Pesticides and Veterinary Medicines Association.

In July, the company said Dermacann “was shown to be safe and effective at reducing inflammatory skin lesions in dogs diagnosed with atopic dermatitis” in a randomized, placebo-controlled, double-blind study (AVW: Jul 23, 2021).

Today, Auscann said it would submit its final data modules on efficacy, safety and environment, to the Australian Pesticides and Veterinary Medicines Association on receipt of the final report for the target animal safety study, expected by this year.

Auscann was up 0.1 cents or 1.1 percent to 9.1 cents.

CRESO PHARMA

Creso says Mernova’s new marijuana strains have “some of the highest [tetrahydrocannabinol] content ... to be sold in Canada’s legal market”.

Creso said that the Bible Hill Nova Scotia-based Bloom Labs completed tetrahydrocannabinol (THC) content testing on four new strains of marijuana, Miracle Alien Cookies, Grape Cream Cake, Monkey Berries and Vineyard Select which had THC content of 30.1 percent, 26 percent, 23.6 percent and 19.6 percent, respectively.

The company said the results provided Mernova with “another key competitive advantage”, because the THC content of most commercially available marijuana was between 15.0 and 20.0 percent.

Creso fell half a cent or 4.35 percent to 11 cents with three million shares traded.

MURRAY COD AUSTRALIA

Murray Cod says its annual general meeting will vote to issue 16,000,000 incentive options to five directors at its annual general meeting.

Murray Cod said 5,000,000 incentive options each would be issued to chair Ross Anderson and managing-director Matthew Ryan with 2,000,000 options each to directors Martin Priestley, George Commins and David Crow.

The company said the options were exercisable at 25 cents each by January 3, 2025.

Murray Cod said shareholders would vote on the remuneration report, the re-election of directors Mr Crow and Mr Commins and the approval of the 10 percent placement facility.

The meeting will be held at the Griffith Ex Services Club, Jondaryan Avenue, Griffith, New South Wales on November 19, 2021, at 2pm (AEDT).

Murray Cod was up half a cent or 1.35 percent to 37.5 cents.

MGC PHARMACEUTICALS

MGC has told an ASX query that director Evan Hayes did not trade shares in a closed period and his Appendix 3Y director's interest statement had a wrong date.

The ASX said that MGC announced a \$US25 million (\$A33 million) supply agreement with the Miami Florida based AMC Holdings on August 27 and the first order received on September 29, 2021, with both announcements marked as market sensitive.

The ASX said that Mr Hayes filed his Appendix 3Y saying he bought 295,000 shares between September 28 and 30, 2021 and asked whether Mr Hayes complied with the trading policy and whether he had approval to trade shares which "appears to have taken place while [MGC] was in possession of price-sensitive information?"

MGC said that Mr Hayes sought permission on September 15 and was granted permission to trade shares outside any blackout period and that he was "not in possession of price sensitive information".

"The Appendix 3Y lodged for Mr Hayes on 4 October 2021, incorrectly stated the date of change ... as 28-30 September 2021, when in fact the total acquisition of MGC shares by Mr Hayes occurred after the aforementioned announcement was released to the market at 10:54am on 30 September 2021," the company said.

MGC company secretary David Lim told the ASX: "The actually timing ... was confirmed through my review of trade confirmations that Mr Hayes received from his broker."

MGC fell 0.1 cents or 1.8 percent to 5.4 cents with 7.9 million shares traded.

RIDLEY CORP

Wilson Asset Management says it has become a substantial shareholder in Ridley Corp with 17,305,202 shares or 5.42 percent.

The company said it bought and sold shares between June 8 and October 11, 2021, with the single largest purchase 4,166,361 shares for \$5,534,128 or \$1.33 a share.

Ridley was unchanged at \$1.36.

RIDLEY CORP

In three separate announcements, Massachusetts Financial Services and one of its funds say they had reduced their shareholding in Ridley Corp.

MFS International New Discovery Fund, a sub-fund of MFS Series Trust V said it reduced its shareholding from 19,382,888 shares (6.22%) to 16,099,934 shares (5.04%) and then said it had ceased its substantial shareholding by selling a further 1,003,686 shares to have 15,096,248 shares (4.73%).

In a separate announcement, MFS said it reduced its shareholding in Ridley Corp from 21,938,642 shares (7.05%) to 18,127,715 shares (5.67%).

The company said it bought and sold shares between May 7, 2020, and October 12, 2021, with the single largest sale 5,304,521 shares for \$7,035,386 or \$1.33 a share.

Ag & Vet Weekly is unsure whether the holdings overlap or not.

THE FOOD REVOLUTION GROUP

The Geelong-based Vasilios Votsaris says he has become a substantial shareholder in the Food Revolution Group with 48,555,189 shares or 5.1286 percent.

Mr Votsaris said he bought and sold shares between April 14 and October 13, 2021, through Batman Investments Pty Ltd at prices ranging from 2.5 cents to 3.5 cents.

Food Revolution fell 0.1 cents or 3.45 percent to 2.8 cents.

HARVEST TECHNOLOGY GROUP

Harvest says it has appointed Jack Rosagro as joint company secretary, with Joel Ives to continue as joint company secretary.

Harvest said that Mr Rosagro had 16 years' experience with capital markets, share registry and governance, and held a Bachelor of Commerce from Perth's Curtin University.