

Ag & Vet Weekly



Monday December 13 – Friday December 17, 2021

All the news on ASX-listed agriculture and veterinary companies

- * **ASX UP, AVW-42 EVEN: SEAFARMS UP 6%; WELLNEX DOWN 9%**
- * **PALLA PHARMA IN ADMINISTRATION**
- * **SUSTAINABLE NUTRITION \$7.7m RAISING; \$3m FOR AUST SUPERFOOD**
- * **MURRAY COD SHARE PLAN RAISES \$1.5m, TOTAL \$31.5m**
- * **ROOTS PLACEMENT RAISES \$1m**
- * **PHARMAUST: EPICHEM WINS \$1m EXTENSION WITH DNDI**
- * **COBRAM FOUNDER ROBERT, KATHERINE MCGAVIN DILUTED TO 17%**
- * **WILSON TAKES 6.5% OF RIDLEY**
- * **JANET CAMERON TAKES 22% OF TASFOODS**
- * **AUSCANN DERMACANN APVMA SUBMISSION, US LAUNCH**
- * **AUSCANN: TOD MCGROUTHER CHAIR, LOSES DR ADAMS, GEOFF STARR**

MARKET REPORT

The Australian stock market was up 0.11 percent on Friday December 17, 2021, with the ASX200 up 8.3 points to 7,304.0 points. Fifteen of the AVW-42 stocks were up, 15 fell, eight traded unchanged and four were untraded.

Seafarms was the best, up 0.2 cents or 6.25 percent to 3.4 cents, with 2.3 million shares traded. Nanollose climbed five percent; Costa was up 4.8 percent; Botanix and Ridley improved more than three percent; Fonterra and Nufarm rose more than two percent; Cann Group, Elders, Murray Cod, Next Science, Pharmaust, Select Harvests and Tasfoods were up one percent or more; with Bega up 0.4 percent.

Wellnex led the falls, down one cent or 9.1 percent to 10 cents with 1.4 million shares traded. Avecho and Elixinol lost more than six percent; Bubs was down 5.6 percent; Food Revolution fell 4.35 percent; Auscann, Epsilon, Sustainable Nutrition and Wide Open shed more than two percent; Clover, Cobram and Creso lost one percent or more; with A2, Ecofibre and Tassal down by less than one percent.

PALLA PHARMA (FORMERLY TASMANIAN POPPY INDUSTRIES)

Palla says it has entered voluntary administration with Craig Shepard and Bryan Webster of Korda Mentha appointed voluntary administrators.

Palla said the recent review of its strategy and operations “highlighted, amongst other things, the further impact the Covid Omicron variant is having on elective surgery volumes, particularly in the UK, and therefore on forecast sales”.

The company said that, while it was currently solvent it was “likely to become insolvent at some future time and, hence, that administrators should be appointed”.

Palla said that the administrators had assumed control of the company and would work with the board during the administration period to “maximize the outcome for all stakeholders of the company”.

Palla said the administrators had requested that trading in its shares on the ASX remain suspended during the administration period.

In November the company said it had sold its Coolaroo site north of Melbourne for \$33.1 million and would lease it back.

In September, Palla said that revenue for the six months to June 30, 2021, was down 42.7 percent to \$7,060,872 with net loss after tax up 267.2 percent to \$33,105,663, and it had cash and equivalents of \$897,312 at June 30, 2021 (AVW: Sep 3, 2021).

In May, Palla said that having “settled all outstanding legal issues” with its largest ingredient customer (poppy-derived products), the Bolton, England-based M&A Pharmachem, it had begun a long-term production partnership (AVW: May 7, 2021).

In December 2020, the company said that founder and chief executive officer Jarrod Ritchie has resigned from the company (AVW: Jan 18, 2021).

The then Tasmanian Poppy Industries listed on the ASX in 2015, with the annual report from that year saying that Mr Ritchie had 20 years’ experience in the poppy industry and had been a director of the company since February 2004.

Palla last traded at 29.5 cents.

THE SUSTAINABLE NUTRITION GROUP (FORMERLY AUSTRALIAN PRIMARY HEMP)

Sustainable Nutrition says it will raise \$7.7 million and pay \$3 million to acquire the Australian Superfood Company.

Sustainable Nutrition said it had “firm commitments to raise \$4.7 million in a placement at 20 cents a share and hoped to raise a further \$3 million through an entitlement offer.

The company said the 20 cents issue price was a 16.2 percent discount to the 10-day volume-weighted average price to the trading halt on December 15, 2021 and investors would receive one option for every two new shares subscribed, exercisable at 26 cents each by July 31, 2023.

Sustainable Nutrition said the acquisition would be paid with \$1.85 million cash in late January and \$1.15 million in shares on Australian Superfood achieving a gross profit of \$1.3 million in 2021-’22.

The company said that Australian Superfood’s range included native and indigenous fruits and ingredients such as bush apple, bunya nut meal, aniseed myrtle, desert lime, wattle seed and finger lime.

Sustainable Nutrition said the funds would be used for the acquisition, product innovation, brand development and product investment.

The company said Canaccord Genuity was the lead manager to the placement.

Sustainable Nutrition fell half a cent or two percent to 24 cents.

MURRAY COD AUSTRALIA

Murray Cod Australia says its share purchase plan at 33.5 cents a share raised about \$1.48 million, taking the total raised to about \$31.48 million.

In November, Murray Cod said its placement raised \$30.0 million and it hoped to raise a further \$3 million in a share plan at the same price (AVW: Nov 12, 19, 2021).

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

ROOTS SUSTAINABLE AGRICULTURAL TECHNOLOGIES

Roots says it has "firm commitments" from sophisticated and professional investors to raise \$1 million in a placement at 0.624 cents per Chess depositary interest (CDI).

Roots said the offer price was a 20 percent discount to the five-day volume weighted average price and there would be one attaching option for every four shares, exercisable at two cents by September 30, 2023.

The company said the funds would be used to further commercialize its root zone temperature optimization technology.

Roots said Everblu Capital was the placement lead manager and would receive a six percent cash fee for the funds raised, one option for each share placed, with 25 percent exercisable at two cents by September 30, 2023, and the balance exercisable at 1.25 cents within 12 months. Roots chair Adam Blumenthal is also the chair of Everblu.

Roots was unchanged at 0.6 cents with 1.2 million shares traded.

PHARMAUST

Pharmaust says its wholly-owned subsidiary Epichem has an up to \$1.02 million one-year contract extension with Geneva's Drugs for Neglected Diseases Initiative (DNDI).

Pharmaust said it had won DNDI contract extensions for synthetic and medicinal chemistry since 2011 (AVW: Jan 20, 2020; Jan 18, 2021).

This week the company said the contract would be extended until December 31, 2022.

Pharmaust chief executive officer Colin La Galia said the team was "delighted that the contract ... has been renewed for another year and excited by what we can achieve together in partnership and collaboration to deliver the expected outcomes with our dedicated team of chemists".

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

COBRAM ESTATE OLIVES

Cobram co-founder Robert McGavin and Katherine McGavin say their 72,044,376 shareholding has been diluted from 18.6 percent to 17.4 percent.

Last week, Cobram said it raised \$50 million in a placement at \$2.00 a share and hoped to raise up to \$1 million more through a share plan at the same price (AVW: Dec 10, 2021).

Cobram fell two cents or one percent to \$2.03.

RIDLEY CORP

The Sydney-based Wilson Asset Management Group says it has increased its holding in Ridley from 17,305,202 shares (5.42%) to 20,767,225 shares (6.50%).

Wilson said that between October 29, and December 10, 2021 it bought 3,462,023 shares with the single largest acquisition 1,559,316 shares for \$2,052,471 or \$1.316 a share.

Ridley was up 4.5 cents or 3.3 percent to \$1.41.

TASFOODS

Janet Heather Cameron says she has increased her shareholding in Tasfoods from 59,347,784 shares (19.98%) to 78,010,137 shares (22.17%).

The Sydney-based Ms Cameron said she bought shares between October 1, 2020, and December 10, 2021, with the single largest purchase 7,650,000 shares for \$719,100 or 9.4 cents a share.

Tasfoods was up 0.1 cents or one percent to 10 cents.

AUSCANN

Auscann says it has completed its Australian submission for marijuana Dermacann for dogs with skin conditions and advances its launch in the US.

In July, Auscann said it begun its application to the Australian Pesticides and Veterinary Medicines Authority (APVMA) (AVW: Jul 23, 2021).

Today, the company said data included a 2020 placebo-controlled, double-blind study of dogs with atopic dermatitis and a 2021 study which showed the safety and tolerability at up to five times the daily recommended Dermacann dose.

Auscann said completion of the review of all modules was expected by October 2022.

The company said that subject to approval, Dermacann would become a world “first in class” regulatory approved oral cannabinoid-based veterinary product for skin health in dogs and the first regulatory-approved cannabinoid-derived medicine legally available through veterinarians in Australia.

The company said it would launch Dermacann in the US at the Veterinary Meeting and Expo in Orlando, Florida on January 15, 2022.

Auscann fell 0.2 cents or 2.3 percent to 8.4 cents.

AUSCANN

Auscann says it has appointed Tod McGrouther as its chair, with Dr Kate Adams and Geoff Star resigning as non-executive directors.

Auscann said that Krista Bates would step down as interim chair and continue as a director

Auscann said Mr McGrouther had 35 years' experience in equity capital markets and corporate advisory and was previously an associate director of Bankers Trust Australia and a director of Prudential Bache Securities Australia.

The company said that Mr McGrouther was currently a principal at KTM Capital, the chairman of the National Stock Exchange of Australia, and a director of European Cannabis Corp as well as the ASX-listed NSX, Urbanise and Love Group.

Auscann said that Mr McGrouther held a Bachelor of Laws from the University of Sydney and a Bachelor of Finance from the University of New South Wales,