

Ag & Vet Weekly



Monday April 4 – Friday April 8, 2022

All the news on ASX-listed agriculture and veterinary companies

- * **ASX200, AVW-42 UP: CANN GROUP UP 19%;**
 - SUSTAINABLE NUTRITION DOWN 9%
- * **ROOTS: TK SOLUTIONS APPOINTED UK, IRELAND, AUSTRIA DEALER**
- * **WOOLWORTHS STOCKS WIDE OPEN DIRTY CLEAN FOOD OAT MILK**
- * **PHARMAUST: \$202k FIGHT-MND GRANT; ALITHIA TRIAL MANAGER**
- * **SEAFARMS TELLS ASX AWARE QUERY: 'REVIEW OUTCOMES NOT KNOWN'**
- * **MGC APPOINTS SCIENSUS EU, UK MARIJUANA DISTRIBUTOR**
- * **CANN GROUP: GSK \$170k TO EVALUATE MARIJUANA SATIPHARM**
- * **CANN WINS MILDURA MARIJUANA MANUFACTURE FEDERAL PERMIT**
- * **STATE STREET TAKES 5% OF COSTA**

MARKET REPORT

The Australian stock market was up 0.47 percent on Friday April 8, 2022, with the ASX200 up 35.2 points to 7,478.0 points.

Twenty of the AVW-42 stocks were up, 16 fell, four traded unchanged and two were untraded.

Cann Group was the best, up 5.5 cents or 18.6 percent to 35 cents, with 6.1 million shares traded. Avecho improved 17.65 percent; Roots climbed 16.7 percent; Botanix was up 12 percent; Seafarms and Select Harvests were up more than five percent; Auscann and Nufarm improved more than four percent; Clean Seas, Costa, Pharmaust, Ridley and Wide Open were up more than three percent; MGC and Murray Cod rose more than two percent; Bega and Elixinol were up more than one percent; with Australian Agricultural, Elders and Synlait up by less than one percent.

Sustainable Nutrition led the falls, down 1.5 cents or 8.8 percent to 15.5 cents with 25,596 shares traded. Terragen lost 7.1 percent; Rare Foods retreated 6.15 percent; Creso fell 4.1 percent; Cobram, Food Revolution and Wellnex were down more than three percent; Epsilon shed 2.3 percent; Bubs, Ecofibre and Tasfoods were down more than one percent; with A2, Apiam, Clover and Fonterra down by less than one percent.

ROOTS SUSTAINABLE AGRICULTURAL TECHNOLOGIES

Roots says it has appointed TK Solutions AG as the exclusive dealer of its root zone temperature optimization (RZTO) systems for the UK, Ireland and Austria.

Roots said that the Southend-On-Sea, Essex-based TK Solutions had committed to a target of \$US60,000 in sales for the binding initial 12 months contract.

The company said that both parties had agreed to evaluate whether to extend the deal at the end of the contract term.

Roots executive chair Boaz Wachtel said "our continued international expansion efforts provides us with significant opportunity to increase the interest and uptake of our technologies in new international markets".

"The agreement with TK Solutions further expands our network and we now have a foothold into the large agricultural markets of the UK, Ireland and Austria," Mr Wachtel said. "We anticipate the agreement will lead to an even greater level of interest in our sustainable agricultural solutions."

Roots was up 0.1 cents or 16.7 percent to 0.7 cents with 1.5 million shares traded.

WIDE OPEN AGRICULTURE

Wide Open says Woolworths has placed and received initial orders for its Dirty Clean Food oat milk for more than 650 locations.

In November, Wide Open said it expected Woolworths to sell more than \$750,000 of its oat milk at half of its 1,080 Australian supermarkets (AVW: Nov 26, 2021).

Dirty Clean Food chief executive officer Jay Albany said his division was "thrilled to begin what we hope will be a long and mutually beneficial partnership with Woolworths".

"The increased store ranging demonstrates Woolworths' support for companies who are promoting innovation and positive environmental practices in Australia," Mr Albany said.

Wide Open managing-director Dr Ben Cole said Woolworths' Sustainability Plan 2025

"reflects a commitment to encouraging regenerative farming practices and to achieving net carbon positive emissions by 2050".

"We are grateful for their support of our initiative to produce the world's lowest carbon oat milk made from regeneratively farmed oats, grown and rolled in Western Australia," Dr Cole said.

Wide Open was up two cents or three percent to 68.5 cents.

PHARMAUST

Pharmaust says it has received \$201,615 for its phase I trial of monepantel in motor neuron disease, and has appointed Alithia Life Sciences Pty Ltd as the trial manager.

In 2020, Pharmaust said it had received an \$881,085 grant for a phase I trial of monepantel for motor neuron disease from the charity Fight MND (AVW: Sep 25, 2020).

Today, the company said the \$201,615 was the first instalment of the Fight MND grant supporting its phase I trial examining the effects of monepantel in motor neuron disease otherwise known as Lou Gehrig Syndrome or Amyotrophic Lateral Sclerosis.

Pharmaust said the second instalment of \$99,230 would be payable after the completion of the one-month good manufacturing practice accelerated stability study of the newly-prepared monepantel tablets, which was currently underway, and the third instalment of \$173,035 would be payable on the start of the phase I trial.

The company said Melbourne's Alithia would manage the trial, the appointment was fully funded through the Fight MND grant, and the trial start date of late May remained on track.

Pharmaust was up 0.3 cents or 3.4 percent to 9.2 cents.

SEAFARMS GROUP

Seafarms has told an ASX 'aware' query that outcomes of its Project Sea Dragon review "were not known... prior to the board meeting on March 30, 2022".

In a series of statements and questions, the ASX noted a 13.8 percent fall in the Seafarms share price from 2.9 cents on March 29 to an intraday low of 2.5 cents on March 30, 2022, with no announcements on either day.

The ASX said there was a 46.15 percent decrease in Seafarms' share price from 2.6 cents on March 30 to an intraday low of 1.4 cents on March 31, 2022 along with an increase in the volume of shares traded following the news that Project Sea Dragon "cannot proceed in its current form – there is no funding to proceed given failure of the debt financing process".

In 2019, Seafarms said that it had appointed GFI Australia as lead arranger for debt funding for its land-based black tiger prawn aquaculture project Project Sea Dragon (AVW: Nov 19, 2019).

The ASX noted Seafarms' March 31 announcement of a Project Sea Dragon review investor briefing and asked whether the company believed the information in the announcement to be material and when it became aware of the information.

In its response to the ASX, Seafarms said that it did "consider that the announcement included information that a reasonable person would expect to have a material effect on the price or value of its securities".

The company said that the Project Sea Dragon review outcomes "were not known to [Seafarms] prior to the board meeting on March 30, 2022."

"The information in the draft report was not released to the market as it was a confidential paper prepared for consideration by the board, and until that occurred was insufficiently definite to warrant disclosure."

Seafarms said "under Listing Rules 3.1 and 3.1A, it was obliged to release the ... review outcomes, as determined by the board, following the board meeting on March 30, 2022."

"The board meeting on March 30, 2022 occurred after market close and consequently, [Seafarms] took steps to release that information prior to the commencement of trading on March 31, 2022," the company said.

Seafarms was up 0.1 cents or 5.9 percent to 1.8 cents with 8.9 million shares traded.

MGC PHARMACEUTICALS

MGC says the Staffordshire, England-based Sciensus Rare will distribute its marijuana-based epilepsy and cognitive decline treatments in the EU and UK.

MGC said that under the four-year agreement, Sciensus would be the exclusive distributor of its Cannepil epilepsy treatment and Cognicann dementia and Alzheimer's disease treatment, in Denmark, France, Italy, Spain, Luxembourg and the UK.

The company said following the agreement's initial 12 months, Sciensus would be subject to an unspecified minimum purchase order requirement.

MGC said that it would continue to manage regulatory approval, while Sciensus managed early access and named patient programs.

MGC managing-director Roby Zomer said "This is another important step in widening patient access to our pharmaceutical products, and puts in place a long-term plan to build the distribution networks required in Western Europe, one of the most important pharmaceutical markets in the world," he said.

MGC was up 0.05 cents or 2.2 percent to 2.35 cents with 3.05 million shares traded.

CANN GROUP

Cann Group says Glaxosmithkline Consumer Healthcare will pay GBP100,000 (\$A173,000) to evaluate distribution and marketing of its Satipharm cannabidiol capsules. Cann Group said that Glaxosmithkline would have 60 days' exclusivity from the delivery of its final phase III Satipharm trial report to evaluate the commercial potential of the over-the-counter low-dose cannabidiol (CBD) product.

The company said the agreement gave Glaxosmithkline the right of first negotiation for the marketing, sale and distribution of Satipharm in Australia, with negotiations to run in parallel with the evaluation period.

Cann Group said the agreement granted Glaxosmithkline first rights to negotiate commercialization rights for markets outside of Australia.

Cann chief executive officer Peter Crock said the company's ability "to produce a [cannabidiol] capsule that presents as a regular pharmaceutical and has proven benefits in terms of stability and bioavailability has attracted interest from a number of potential distribution partners".

Cann Group was up 5.5 cents or 18.6 percent to 35 cents with 6.1 million shares traded.

CANN GROUP

Cann Group says the Australian Office of Drug Control has granted Mildura facility a permit to allow the manufacture of medical marijuana products.

In March, Cann Group said the Office of Drug Control had granted it a permit allowing the cultivation and production of medical marijuana, but had yet to grant a permit allowing the manufacture of medical marijuana products at the facility (BD: Mar 15, 2022).

Today, the company said the manufacturing permit completed the suite of Office of Drug Control permits required.

Cann Group said it was working with the Therapeutic Goods Administration to attain a good manufacturing practice licence, which it expected "in coming months".

Cann Group chief executive officer Peter Crock said "the granting of this permit by the ODC is one of the last pieces of the puzzle for our Mildura facility".

"It is pleasing to see that all of the work that we have been doing on the site and with our regulators is now coming to fruition and this will now enable us to get Australian manufactured products of the highest quality to our Australian and overseas customers," Mr Crock said.

COSTA GROUP

State Street says it has become substantial in Costa with 23,213,587 shares (5.00%) of the company.

The Boston, Massachusetts-based State Street said that in more than 300 transactions, it bought, sold, transferred, and borrowed shares at prices ranging from \$2.80 to \$3.18.

Costa was up 10 cents or 3.1 percent to \$3.28 with 2.8 million shares traded.