

# Ag & Vet Weekly



Monday February 15 - Friday February 19, 2021

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

- \* **ASX, AVW-44 DOWN: MGC UP 32%; CANN GLOBAL DOWN 10%**
- \* **ABARES: WINTER CROP 2<sup>nd</sup> BIGGEST ON RECORD**
- \* **VIETNAM APPROVES MELBOURNE EXPORT IRRADIATION FACILITY**
- \* **QUT ENGINEERS BANANA PANAMA DISEASE RESISTANCE**
- \* **TASSAL H1 REVENUE UP 7% TO \$288m, PROFIT DOWN 32% to \$28m**
- \* **AP HEMP SHARE PLAN RAISES \$1m; TOTAL \$6.2m**
- \* **PALLA CODEINE-PARACETAMOL READY FOR UK SALES**
- \* **PHARMAUST STARTS 2<sup>nd</sup> MONEPANTEL DOG LYMPHOMA TRIAL**
- \* **CANN GROUP BUYS SATIPHARM FOR \$4m SCRIP; REVENUE WARNING**
- \* **CRESO: ROUTE2 PAKISTAN, PHILIPPINES MARIJUANA DISTRIBUTOR**
- \* **MGC STUDIES NANO-MARIJUANA FOR GLIOBLASTOMA**
- \* **MGC: SWISS PHARMACAN TO DISTRIBUTE ARTEMIC FOR COVID-19**
- \* **FEDERAL COURT GRANTS CANN CLEANSING NOTICE EXTENSION**
- \* **SUMITOMO MITSUI, NIKKO BELOW 5% OF TASSAL**
- \* **PERPETUAL TAKES 8% OF SELECT HARVESTS**
- \* **SCOBIE DICKINSON WARD TAKES 13% OF TERRAGEN**

## MARKET REPORT

The Australian stock market fell 1.34 percent on Friday February 19, 2021, with the ASX200 down 92.1 points to 6,793.8 points. Fourteen of the AVW-44 stocks were up, 21 fell, seven traded unchanged and two was untraded.

MGC was the best, up three cents or 31.6 percent to 12.5 cents, with 218.7 million shares traded. Roots rose 8.7 percent; Clean Seas climbed 5.2 percent; Next Science was up 4.2 percent; Althea, Apiam, Ecofibre, Elixinol, Murray Cod and Terragen improved two percent or more; A2 Milk was up 1.6 percent; with Clover Corp, Fonterra and Select Harvests up by less than one percent.

Cann Global led the falls, down 0.1 cents or 10 percent to 0.9 cents, with 15.2 million shares traded. Nanollose and Wide Open lost more than seven percent; Anantara was down 5.3 percent; Avecho, Huon and Memphasys fell more than four percent; Nufarm and Tasfoods were down more than three percent; Auscann, Cannpal, Food Revolution, Seafarms and Synlait shed more than two percent; Ridley Corp was down one percent; with Bega, Bubs, Costa, Elders, Palla Pharma and Tassal 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 2020-'21 national winter crop production is the second biggest harvest on record.

Acting Abares executive director Dr Jared Greenville said winter crop production was estimated to have increased by 89 percent in 2020-'21 to 55.2 million tonnes, 7.4 percent higher than the December 2020 crop report forecast.

Dr Greenville said the upward revision was the result of yields exceeding expectations, particularly in New South Wales and Western Australia.

Dr Greenville said wheat production was up 120 percent to 33.3 million tonnes, barley rose 45 percent to 13.1 million tonnes, with canola up 74 percent to 4.1 million tonnes.

An Abares media release said that the 2020-'21 summer crop season was forecast to be "better than last year but still be below average".

The Bureau said the area planted to summer crops was estimated to be 1.04 million hectares - three times larger than in the heavily drought-affected 2019-'20 season.

Dr Greenville said yield prospects were expected to benefit from favorable rainfall outlook and mild temperatures forecast for autumn.

"Summer crop production is forecast to increase to 3.3 million tonnes in 2020-'21," Dr Greenville said. "This is around 13 percent below the 10-year average to 2019-'20 because planted area remains below average due to limited planting in New South Wales on the back of large winter crop plantings and a poor start to the summer crop season in some areas of Queensland."

Dr Greenville said the area planted to grain sorghum increased 258 percent in 2020-'21 to 511,000 hectares with production forecast to increase 409 percent to 1.5 million tonnes.

Dr Greenville said the area planted to cotton rose 395 percent to 295,000 hectares "driven by improved soil moisture and greater supply of irrigation water".

The Australian Crop Report February 2021 is available at: <https://bit.ly/2Nyf3DH>.

## FEDERAL GOVERNMENT

The Federal Government says that Vietnam has approved a second irradiation facility to increase speed to market and decrease farmers' export freight costs.

A media release from Federal Agriculture Minister David Littleproud said that an irradiation facility at Merrifield in Melbourne's northern suburbs had interim approval meaning that "in some cases, Australian fruit will be arriving in Vietnam just 72 hours after picking".

Mr Littleproud said that along with the Brisbane facility approved in 2016, the Melbourne plant would "enable increased trade of table grapes and cherries and reduce transport costs for producers in southern Australia".

Mr Littleproud said Australia had exported more than 10,000 tonnes of fresh produce to Vietnam through the Brisbane facility since its 2016 approval and the Melbourne approval "opens up more market access opportunities for growers in a key emerging market".

"It also supports our ambitions to grow bilateral trade in horticulture commodities," he said.

Mr Littleproud said that in 2019-'20 Australia exported \$142.2 million of horticulture to Vietnam, including \$39 million of table grapes and \$10.8 million of cherries.

"Vietnam and Australia have worked closely to expand the use of irradiation as an effective and safe biosecurity treatment," Mr Littleproud said. "Irradiation is becoming a preferred treatment for many exporters due to its speed, capacity and ability to maintain the quality of product".

The media release said phytosanitary irradiation prevented the spread of pests like fruit fly; protected the Australian honey bee population; and helped maintain shelf life and quality of fresh produce.

## QUEENSLAND UNIVERSITY OF TECHNOLOGY

The Queensland University of Technology (QUT) says it has a multi-million-dollar deal with Fresh Del Monte for its Panama disease tropical race 4-resistant Cavendish bananas. The University said that Prof James Dale and his team had developed a line of Cavendish bananas resistant to Panama disease tropical race 4 (TR4).

"TR4 is caused by a soil borne fungus that can survive in the soil for more than 40 years," Prof Dale said.

"The fungus kills Cavendish and many other types of bananas and there are no effective chemical treatments," Prof Dale said.

"Resistance to the fungus is the best strategy," Prof Dale said.

"The disease has also been found in crops in Darwin in the Northern Territory and in Tully in North Queensland resulting in strict quarantine measures," Prof Dale said.

The Queensland University of Technology said Prof Dale's research was conducted at its Centre for Agriculture and the Bioeconomy in Brisbane, with confined field trials at a La Manna Premier Group joint venture banana farm outside Darwin in the Northern Territory. QUT said that the field trials showed that high expression of the gene RGA2 derived from a wild banana provided resistance to TR4 disease, and although RGA2 was present in Cavendish bananas, it was not expressed.

"Our main gene-editing strategy is to activate the expression of the RGA2 gene in Cavendish creating a gene-edited banana resistant to TR4," Prof Dale said.

La Manna Premier Group chief executive officer Anthony Di Pietro said his company had been involved in TR4 resistance research with the University since 2011.

La Manna and Australian Banana Research Pty Ltd co-funded the TR4 resistance research and continued to support TR4 research at QUT.

"Fresh Del Monte joining with QUT to further progress the gene-editing banana resistance research is a positive move for both the industry worldwide and for Australian banana growers," Mr Di Pietro said.

The University said the development of the TR4 resistant line led to an undisclosed "multi-million-dollar partnership" with the Coral Gables, Florida-based fresh fruit and vegetable leader Fresh Del Monte.

Professor Dale said the funding would enable his research team to build on this breakthrough research by using gene-editing CRISPR (clustered regularly interspaced short palindromic repeats) technology to develop a non-genetically modified variety of Cavendish, also resistant to TR4.

"While our success in developing a disease-resistant genetically modified line of Cavendish is a world-first achievement, this funding will enable us to develop the next generation of TR4 resistant Cavendish bananas," Prof Dale said.

The University said that TR4 was "a catastrophic disease with outbreaks leading to diminished crops across Asia, the Middle East and Africa and in 2019 was found in Colombia in Latin America, the region which accounts for about 85 percent of the world's export bananas".

Prof Dale said that until the 1950s the most common export banana worldwide was the Gros Michel, a variety that was obliterated by Panama disease race 1.

"Scientists around the world are working to ensure Cavendish doesn't suffer the same fate," Prof Dale said.

QUT said that the Fresh Del Monte research collaboration was staged with multiple phases over the next five years, ultimately resulting in novel commercial resistant banana variety releases.

The University said that Australia produces 388,000 tonnes of bananas a year, worth \$587 million in farm production.

### TASSAL GROUP

Tassal says revenue for the six months to December 31, 2020 rose 6.7 percent to \$288,470,000 with net profit after tax down 32.3 percent to \$27,638,000.

Tassal said revenue came primarily from sales of its salmon as well as its prawn farming business.

The company said it would pay an unfranked dividend of 7.0 cents per share to shareholders on the record date of March 15, to be paid on March 30, 2021, compared to the dividend of 9.0 cents per share, franked to 2.25 cents, in the previous corresponding period.

Tassal said diluted earnings per share fell 36.3 percent to 13.10 cents with net tangible assets per share up 2.8 percent \$3.27.

The company said it had cash and equivalents of \$35,463,000 at December 31, 2020 compared to \$39,895,000 at December 31, 2019.

Tassal fell one cent or 0.3 percent to \$3.21 with 1.7 million shares traded.

### AUSTRALIAN PRIMARY HEMP

AP Hemp says it has raised \$1 million in a "heavily over-subscribed" share plan at 32 cents a share, taking the total raised to \$6.2 million.

Last month, AP Hemp said it had commitments to raise about \$5.2 million and hoped to raise a further \$1 million in a share plan at the same price (AVW: Jan 22, 2021).

AP Hemp was unchanged at 45.5 cents

### PALLA PHARMA

Palla Pharma says it has UK marketing authorization and will "start immediate retail sales of 30mg codeine phosphate-500mg paracetamol tablet and caplet combinations".

Palla said that at EUR802 million (\$A1,245.1 million), the UK codeine-paracetamol sector was the largest in Europe.

Earlier this month, the company said the UK Medicines and Healthcare products Regulatory Agency (MHRA) granted marketing authorization for its Norway production facility (AVW: Feb 5, 2021).

Today, Palla said the UK was experiencing product shortages with the sale price of a 100-tablet packet of codeine-paracetamol increasing significantly from GBP2.50 in 2018 for a pack of 100 tablets to more than GBP4.00 in late 2020.

The company said it would 70 to 75 percent of the retail or hospital price.

Palla fell 0.25 cents or 0.3 percent to 72.75 cents.

### PHARMAUST

Pharmaust says it has started recruitment for its second trial of monepantel for dogs with treatment naïve B cell lymphoma.

Pharmaust said it had recruited "several" dogs and started treatment with its monepantel tablets and six non-eligible dogs were given compassionate treatment the Elanco drug, originally prescribed for sheep round worm.

Last year, Pharmaust said that monepantel for naïve B cell lymphoma in dogs was successful, with one of seven dogs having a 60 percent reduction in tumor size after treatment (BD: May 12, 2020).

Pharmaust was unchanged at 10 cents with 1.2 million shares traded.

## CANN GROUP

Cann says it has bought Satipharm for \$C4 million (\$A4.06 million) in shares, expects \$1 million in revenue for the six months to June 30, 2021 and has issued a revenue warning. Cann said it had downgraded its forecast revenues for the 12 months to June 30, 2021 from \$15 million to between \$8 million and \$10 million.

The company said the acquisition of Dublin's Satipharm provided "rights to proprietary and differentiated cannabinoid delivery technology" and expected the marijuana-based Gelpell capsules to generate revenue of \$1 million in the six months to June 30, 2021.

Cann said Satipharm would provide "immediate entry into the cannabidiol market" as it had distribution rights in UK, Ireland and Eastern Europe.

Cann chief executive officer Peter Crock said the Gelpell capsules were "clinically proven to improve the body's absorption of [cannabidiol] and other cannabinoids".

"The technology would allow us to develop more targeted and effective dosage forms of both low dose [cannabidiol] and differentiated [tetrahydrocannabinol] prescription formulations of medical cannabis," Mr Crock said.

"The Satipharm acquisition provides an opportunity to accelerate both short-term and longer-term revenues," Mr Crock said.

The company said its forecast revenue change was due to delays in regulatory approvals from Australia and Germany "impacted by Covid-19 priorities and resource constraints".

Cann was unchanged at 69.5 cents with 2.5 million shares traded.

## CRESO PHARMA

Creso says Route2 Pharm Pvt Ltd will distribute its marijuana products in Pakistan, the Philippines and other markets.

Creso said that the Lahore, Punjab-based Route2 had agreed to minimum orders up-to CHF1.71 million (\$A2.48 million) for its Cannaqix 10, Cannaqix 50 and Cannadol products in the first year of the three-year agreement.

The company said that other potential countries included Cambodia, Afghanistan, Azerbaijan, Bangladesh, Georgia, the Maldives, Myanmar, Tajikistan, Turkmenistan, Uzbekistan, and Vietnam.

Creso said Route2 had US Pharmacopeia good manufacturing practice-compliant facilities and the minimum orders would be applicable three months after each product was registered, with responsibility to launch within six months after product registration, with Route 2 responsible for registrations, authorizations and certifications.

Creso was unchanged at 23.5 cents with 12.1 million shares traded.

## MGC PHARMACEUTICALS

MGC says its pre-clinical research into marijuana for glioblastoma multiforme has expanded to explore the use of nano technology for delivery systems.

MGC said it was working with the Slovenian National Institute of Biology and Neurosurgery Department at the University Medical Centre to test cannabinoid formulations on fresh glioblastoma tumor tissues to determine the optimal cannabinoid preparation for effective treatment using cannabinoids alone and in combination with temozolomide.

The company said the in-vitro research aimed to develop formulations to define the protocols for clinical trials using a nanoparticle delivery system to improve the bioavailability and the blood-brain-barrier issues.

MGC was up three cents or 31.6 percent to 12.5 cents with 218.7 million shares traded.



## MGC PHARMACEUTICALS

MGC says it has a three-year distribution agreement with Swiss Pharmacan AG for its proposed Covid-19 treatment Artemic as a food supplement.

MGC said the agreement followed the 50-patient, phase II, placebo-controlled trial of Artemic for Covid-19 in Israel and India “that met all its primary and secondary endpoints”.

In December, MGC said the trial “met the primary and secondary endpoints”, with the primary endpoint “clinical improvement” defined by the UK national early warning score 2 (News2), maintained for 24 hours compared to routine treatment (AVW: Dec 18, 2020).

The company said at that time that News2 measured a patient’s degree of illness to prompt critical care intervention and all 33 patients in the Artemic group met the primary endpoint with News2 scores of less than 2.0 when discharged from hospital.

The company said that “the average News score of patients in the placebo group was 2.25; statistically significantly higher than in the treatment group” ( $p < 0.04$ ).

MGC said that all patients in the Artemic group achieved the secondary endpoints, with one of the 17 placebo patients experiencing life-threatening condition.

The company said that no adverse events related to the study drug were reported.

In April, MGC said that its anti-inflammatory Artemic comprised of artemisinin, vitamin C, curcumin and boswellia serrata, or Indian frankincense (AVW: Apr 17, 2020).

This week, MGC said the agreement included a minimum wholesale order of 40,000 units of Artemic Rescue per quarter, and the initial wholesale order of 10,000 units had a retail market value of US\$850,000 for Swiss Pharmacan AG.

The company said that it would produce a “daily dosage immune support supplement” called Artemic Support which Swiss Pharmacan would distribute “with specific focus on countries currently reporting high numbers of Covid-19”.

MGC said that Swiss Pharmacan had agreements with Relay Medical Corp, Glow Lifetech and Onasis Holdings Corp for distribution.

## CANN GROUP

Cann says the Federal Court has extended the cleansing notice submission date for 306,846 shares issued to an investor on 28 January 2021 to February 18, 2021.

Yesterday, Cann requested a trading halt pending “an application to the Federal Court ... in relation to [its] inadvertent failure to lodge a cleansing notice” (BD: Feb 16, 2021).

Today, the company said the shares were granted to the investors following the exercise of options and a cleansing notice was not filed within the requisite five business days due to “an inadvertent administrative oversight”.

Cann said the issue “was identified by the company and was reported to both the ASX and the Australian Securities and Investments Commission” and it would release an Appendix 2A new share issue notice and a cleansing notice.

## TASSAL GROUP

Tokyo’s Sumitomo Mitsui Trust Holdings and its subsidiaries say they have ceased their substantial shareholding in Tassal.

Sumitomo Mitsui said that between September 22, 2020 and February 12, 2021 its subsidiaries, Sydney’s Nikko AM and Tokyo’s Nikko Asset Management bought and sold shares with the single largest sale 1,293,341 shares for \$4,524,031 or \$3.50 a share.

According to Tassal’s most recent Appendix 2A new shares issue, the company had 211,334,135 and Ag & Vet Weekly calculates that Sumitomo retained 10,531,225 shares or 4.98 percent of the company.

### SELECT HARVESTS

Perpetual Investment Management says it has increased its substantial shareholding in Select Harvests from 6,648,533 shares (6.91%) to 9,540,170 shares (7.94%).

Sydney's Perpetual says that between February 18, 2020 and February 12, 2021 it bought and sold shares at prices ranging from \$5.05 to \$8.76 a share.

Select Harvests was up one cent or 0.2 percent to \$5.31 with 249,888 shares traded.

### TERRAGEN HOLDINGS

Scobie Dickinson Ward says he has increased its substantial shareholding in Terragen from 22,890,553 shares (12.06%) to 24,959,112 shares (13.15%).

The Dunedin, New Zealand-based Mr Dickinson Ward said he bought shares between January 25 and February 17, 2021 with the single largest purchase 676,244 shares for \$305,284 or 45.14 cents a share

Mr Dickinson Ward said his shares were held by Forsyth Barr Custodians.

Terragen was up one cent or 2.2 percent to 46 cents.