

Ag & Vet Weekly



Monday April 26 - Friday April 30, 2021

All the news on ASX-listed agriculture and veterinary companies

- * **ASX, AVW-42 DOWN: AP HEMP UP 9%; BUBS DOWN 7%**
- * **SEA FOREST RAISES \$34m FOR SEAWEED TO CUT METHANE EMISSIONS**
- * **CANN GROUP RECALLS 250 UNITS OF 50ml MARIJUANA OIL**
- * **CANN GROUP DISPATCHES 20k BOTTLES OF MARIJUANA OIL TO IUVO**
- * **SYNLAIT UPGRADES EMISSIONS REDUCTION TARGETS**
- * **SYNLAIT LAUNCHES 'MADE WITH BETTER MILK' POWDER**
- * **FDA APPROVES NEXT SCIENCE XPERIENCE NO RINSE ANTI-MICROBIAL**
- * **AUSCANN (CANNPAL) 'CPAT-01 IMPROVES OSTEOARTHRITIS IN DOGS'**
- * **AP HEMP \$250k ANNEX FOODS HEMP MEAL SUPPLY**
- * **PHARMAUST MONEPANTEL DOG PLASMA LEVELS 'SUPPORTIVE'**
- * **MEMPHASYS FELIX SPERM SEPARATOR FIX ON-TRACK**
- * **MEMPHASYS: 2 US PATENTS FOR FELIX SPERM SEPARATION DEVICE**
- * **MGC SUBMITS ARTEMIC TO HEALTH CANADA**
- * **AVECHO 18m DIRECTOR OPTIONS AGM**
- * **CANN GROUP APPOINTS JOHN SHARMAN DIRECTOR**

MARKET REPORT

The Australian stock market was down 0.8 percent on Friday April 30, 2021, with the ASX200 down 56.5 points to 7,025.8 points. Fourteen of the AVW-42 stocks were up, 16 fell, 11 traded unchanged and one was untraded.

Australian Primary Hemp was the best, up 4.5 cents or 9.3 percent to 53 cents, with 484,871 shares traded. Avecho, Pharmaust and Roots rose five percent or more; Cann Group, Murray Cod, Next Science and Seafarms climbed more than two percent; Nufarm and Palla were up more than one percent; with Bega, Costa, Huon and Select Harvests up by less than one percent.

Bubs led the falls, down three cents or 6.8 percent to 41 cents with 7.9 million shares traded. Nanollose fell 4.8 percent; Ecofibre, Memphasys, MGC and Regeneus lost more than three percent; Epsilon (THC) shed 2.5 percent; Clean Seas, Tassal and Wide Open were down more than one percent; with A2 Milk, Clover, Elders, Fonterra, Ridley and Synlait down by less than one percent.

SEA FOREST PTY LTD

Tasmania seaweed producer and manufacturer Sea Forest says it has raised \$34 million to expand operations to reduce methane emissions from livestock.

Sea Forest said that *Asparagopsis taxiformis* seaweed was used as an additive in the feed of livestock to both reduce their methane emissions and assist their growth rates.

The company said the “over-subscribed” capital raising included funds from Macquarie Infrastructure and Real Assets, Peter Gunn’s PGA Investments and Rob Purves.

Sea Forest said that Mr Purves would be appointed a director.

Sea Forest chief executive officer Sam Elsom said the company had “struck a chord in the investment community about the farming and licencing opportunities in our production of *Asparagopsis* seaweed feed supplements, as well as its positive effects in cutting carbon emissions and slowing global warming”.

“We are the largest manufacturer of *Asparagopsis* in the \$11 billion, fast-growing world seaweed market, with the Australian Seaweed Institute projecting the Australian market to be worth \$100 million in 2025 and \$1.5 billion by 2040,” Mr Elsom said.

Sea Forest said the funds would be used to expand its marine farming, harvesting and processing operations at its 1,800-hectare lease at Triabunna, north of Hobart, as well as patents and research and development.

The company said that it had a hatchery growing a range of *Asparagopsis* seaweed, Australia’s largest marine lease and a processing plant that converted the seaweed into user-friendly products.

Sea Forest said methane was the second largest greenhouse gas, accounting for 14 percent of global emissions, with a heating effect about 34 times that of carbon dioxide.

The company said it was conducting the first commercial trials of its seaweed products with beef, dairy and wool companies, including Fonterra, with initial results “very positive”.

Sea Forest said it hoped to produce more than 7,000 tonnes of seaweed a year, reducing about 400,000 tonnes of carbon dioxide-equivalent emissions from livestock a year.

The company said it had research agreements with the University of Tasmania, New Zealand’s University of Waikato and Townsville’s James Cook University, with support from the CSIRO and Meat and Livestock Australia.

Sea Forest is a public unlisted company.

CANN GROUP

Cann Group says one of its customers has begun a class III recall of 250 units of 50ml medicinal marijuana oil products recently released to the Australian market.

Cann said that a class III recall was “not a safety-related recall and is undertaken where a deficient product is not likely to cause adverse health consequences”.

The company said the recall followed “the identification of particulate matter” in a batch of the product by Cann’s manufacturer, who then notified the issue.

Cann Group said the deficient products were manufactured and released by an undisclosed third party “good manufacturing practice” licensed manufacturer using ingredients which included a starting material supplied by another unnamed party.

The company said that 11 units had been supplied to patients and the balance of the units were being retained by the customer’s distributor.

Cann said that in line with the Australian Therapeutic Goods Administration processes, the distributor of the product is liaising with the TGA to coordinate the recall.

The company said it was working with its customer, manufacturer and supplier to identify the cause of the issues in relation to these products.

Cann was up one cent or 2.1 percent to 49 cents with one million shares traded

CANN GROUP

Cann says it has dispatched 20,000 bottles of its 30ml marijuana extract to the Neuss, Germany-based Iuvo Therapeutics for distribution in Europe (AVW: Jan 18, 2021). Yesterday, Cann said that one of its Australian customers had begun a class III recall of 250 units of 50ml medicinal marijuana oil products (see above). Today, the company said the shipment was a “significant milestone” for its export sale strategy and formed part of an initial order from Iuvo for 25,000 units.

SYNLAIT MILK

Synlait says it has upgraded its emission targets to include an up-to 45 percent reduction of greenhouse gases by July 31, 2028.

Synlait said it aimed to reduce “absolute scope 1 and 2 greenhouse gas emissions” by 45 percent and reduce scope 3 emissions from on-farm purchased goods and services by 30 percent per kilogram of milk solids between July 31, 2019 and July 31, 2028.

According to the US Environment Protection Agency scope 1 emissions were direct greenhouse (GHG) emissions from sources controlled or owned by an organization (such as from fuel combustion in boilers, furnaces, vehicles) while scope 2 emissions were indirect emissions associated with the purchase of electricity, steam, heat, or cooling. “Although scope 2 emissions physically occur at the facility where they are generated, they are accounted for in an organization’s GHG inventory because they are a result of the organization’s energy use,” the US EPA website said.

The US EPA said that “scope 3 emissions are the result of activities from assets not owned or controlled by the reporting organization, but that the organization indirectly impacts in its value chain”, and include all sources not within an organization’s scope 1 and 2 boundary, and were also referred to as value chain emissions.

Synlait said the emissions targets were approved by the Science Based Targets initiative and aligned with the New Zealand Government’s commitment to keep global warming to 1.5 degrees Celsius.

Synlait was down two cents or 0.65 percent to \$3.06.

SYNLAIT MILK

Synlait says it has launched its Made With Better Milk premium powdered milk brand with an initial order from an unnamed “prominent consumer brand owner in Asia”.

Synlait said the Made With Better Milk branded products initially included a whole milk and skim milk powder made from milk which was “not just healthy but sustainably, ethically and equitably produced”.

Synlait chief executive officer Leon Clement said that the brand was “built upon the sustainability credentials of Synlait’s best practice Lead With Pride farming system, our integrated manufacturing and supply chain, and our people and planet-focused B Corp certified business”.

“New Zealand-made milk nutrition ingredients are well known for quality and safety,” Mr Clement said.

“However, as we compete with other countries and categories in the food industry, we need to keep raising the game to differentiate ourselves,” Mr Clement said.

“That game is being played out in terms of environmental and social performance and we’re excited about having a product that allows us to better meet what our customers are asking for,” Mr Clement said.

NEXT SCIENCE

Next Science says it has US Food and Drug Administration 510(k) clearance to sell its Xperience no rinse anti-microbial solution as a medical device in the US.

Next Science said that Xperience was “a single step application” with residual solution remaining in the surgical site after closure to “defend against pathogens for several hours, giving surgeons a simple and effective adjunct to help prevent surgical site and post-operative infections”, with sales to begin immediately through a third-party distribution network of more than 300 commission agents it managed.

The company said that Xperience was designed for use in “virtually every open surgery case” with an initial focus on shoulder, hip, knee, trauma and podiatry surgery.

Next Science managing-director Judith Mitchell said that Xperience had “market leading performance in pathogen reduction” and was able to eliminate methicillin resistant *Staphylococcus aureus*, or golden staph, to less than one bacterium in a hundred million. “We expect the product will become a first choice in the battle to reduce surgical site infection,” Ms Mitchell said.

Next Science said that surgical site infections were the second largest cause of hospital acquired infection in the US and a major cause of surgical complications and increased morbidity and mortality across the world, contributing up to \$US10 billion to the cost of healthcare, in the US alone.

The company said Xperience could help prevent costly hospital re-admissions and the initial focus would be the US orthopaedic surgery market of 5.3 million surgeries a year. Next Science said it would begin clinical studies to provide additional evidence “to drive widespread adoption in the surgical community”.

The company said its sales network provides coverage to more than 90 percent of the US including 15,000 hospitals and ambulatory surgery centres.

Next Science was up 4.5 cents or 2.7 percent to \$1.695.

AUSCANN GROUP (MERGED WITH CANNPAL)

Auscann says results from a trial of 46 dogs with osteoarthritis show that its marijuana-based oral CPAT-01 is safe, effective and improves lameness, pain and quality of life.

Auscann said CPAT-01 was a liquid form of tetrahydrocannabinol (THC) and cannabidiol (CBD) developed by Cannpal, which it acquired in March (AVW: Mar 12, 2021).

The company said that the phase IIa randomized, double-blind, placebo-controlled clinical trial treated 46 dogs diagnosed with osteoarthritis with either a placebo or a dose of 0.27mg/kg, 0.54mg/kg or 0.9mg/kg of CPAT-01 for eight weeks.

Auscann said that lameness was assessed by veterinarians, and CPAT-01 groups outperformed the placebo groups at each dosing level, with a “significant improvement” compared to baseline in the highest dosing group.

The company said that the placebo group dogs had worse mobility after 56 days of treatment while all CPAT-01 dosed dogs improved, with a significant improvement in the 0.54mg/kg group ($p < 0.1$).

Auscann said that dog owners assessed pain scores and quality of life, with the CPAT-01 groups showed reduced pain compared to placebo after 56 days.

The company said that the CPAT-01 showed a statistically significant improvement in quality of life after 14 days compared to the placebo group ($p < 0.1$).

Auscann said it would use the data to receive formal guidance on its ongoing US development and regulatory plan for CPAT-01.

Auscann was unchanged at 13 cents with 1.4 million shares traded.

AUSTRALIAN PRIMARY HEMP

Australian Primary Hemp says it has \$250,000, exclusive two-year agreement with Melbourne's Annex Foods Pty Ltd for the supply of hemp meal.

AP Hemp said Annex was a family-owned health and snack food company and would use its hemp meal as an ingredient for products under the Red Tractor brand, which was sold in supermarkets throughout Australia and in more than 10 countries.

Australian Primary Hemp rose 4.5 cents or 9.3 percent to 53 cents.

PHARMAUST

Pharmaust says it has "further supportive evidence of the monepantel blood plasma levels required to suppress B cell lymphoma growth in pet owners' dogs".

Pharmaust said it was "in a good position" to optimize treatment levels of monepantel for a further study, with monepantel showing "no material adverse events".

Pharmaust chief scientific officer Dr Richard Mollard said "a range of drug blood plasma levels was ... observed in this lower dose trial, but this time all within a narrower spread".

In February, Pharmaust said it had begun recruitment of 'several' dogs in its second trial of monepantel for naïve B cell lymphoma (AVW: Feb 19, 2021).

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 (AVW: May 15, 2020).

Pharmaust chair Dr Roger Aston said the data was "a material advance in optimizing the treatment regimen for canine patients with B-Cell lymphoma and may have applicability to other anticancer treatments in companion animals and in humans", and the next trial would examine how monepantel could be integrated into the current standard of care.

Pharmaust was up half a cent or five percent to 10.5 cents.

MEMPHASYS

Memphasys says that clinical testing of the engineering fix for its Felix sperm separator has been "positive" in validating its performance.

In March, Memphasys said it found an engineering flaw during its validation process which would delay production and commercial sales (AVW: Mar 12, 2021).

This week, the company said that verification work for the upgraded device was expected to be completed by June 30 and validation work by September 30, 2021

Memphasys said that initial commercial sales discussions in early access markets was expected to begin by September 30, subject to study results and Covid-19 conditions.

Memphasys fell 0.2 cents or 3.1 percent to 6.2 cents with 1.4 million shares traded.

MEMPHASYS

Memphasys says the US Patent and Trademark Office has granted two patents relating to the bio-separations technology used in its Felix sperm separation device.

Memphasys said the first patent, titled 'Sperm separation by electrophoresis,' covered a method of using at least one physically cross-linked bio-compatible polymeric membrane in the separation of sperm by electrophoresis, protecting the company's intellectual property until November 20, 2037, while the second patent, titled 'Biocompatible polymeric membranes', covered the use of at least one physically cross-linked bio-compatible polymeric membrane in the separation of one or more macro-molecules and/or cells by electrophoresis, protecting its intellectual property until August 15, 2037.

MGC PHARMACEUTICALS

MGC says its Canadian partner Glow Lifetech has filed a Health Canada application to classify its anti-inflammatory Artemic for Covid-19 as a natural health product.

Last year, MGC said its 50-patient, phase II, safety and efficacy trial of Artemic, an oral spray comprised of artemisinin, vitamin C, curcumin and boswellia serrata, or Indian frankincense, for Covid-19 patients in Israel and India had “successfully met the primary and secondary endpoints” (BD: Dec 15, 2020).

Today, the company said that the Toronto-based Glow Lifetech would market, sell and distribute Artemic as a food additive, if approved by Health Canada.

MGC managing-director Roby Zomer said that “approval of Glow’s application if granted will further highlight the robustness and effectiveness of our clinical trial processes in relation to treatments that we are able to develop and bring to market”.

MGC was down 0.2 cents or 3.2 percent to six cents with 5.5 million shares traded.

AVECHO

Avecho says its annual general meeting will vote to issue 17,971,397 options to chair Dr Gregory Collier and directors David Segal, Dr Ross Murdoch, Matthew McNamara.

Avecho said Dr Collier would receive 5,990,465 options, with Mr Segal, Dr Murdoch and Mr McNamara to receive 3,993,644 options each, exercisable at 1.69 cents each.

The company said the options would vest in four equal tranches up-to 36 months following the date of issue, expiring 42 months after the date of issue.

Avecho said shareholders would vote to adopt the remuneration report, re-elect director Mr Segal, ratify the prior issue of shares and options, and approve a 10 percent placement facility.

The meeting will be held at Grant Thornton Australia, Level 22 Tower 5, Collins Square, 727 Collins St, Melbourne on May 31, 2021 at 1pm (AEST).

Avecho rose 0.1 cents or five percent to 2.1 cents with 1.8 million shares traded.

CANN GROUP

Cann Group says it has appointed Universal Biosensors chief executive officer John Sharman as a director, effective from April 27, 2021.

Cann Group said that Mr Sharman had experience as a managing-director, chief executive officer, chief financial officer and non-executive director with public and private companies, along with an understanding of the medical manufacturing industry as well as the pharmaceutical and food additive sectors.

The company said that prior to Universal Biosensors, Mr Sharman was Medical Developments chief executive officer, and the managing-director of CVC Venture Managers, Vita Life Sciences and Cyclopharm.

Cann Group said that previously Mr Sharman worked for Pricewaterhousecoopers, National Australia Bank and KPMG in London and Melbourne.

The company said that Mr Sharman held a Bachelor of Economics from Monash University and a Master of Applied Finance from Macquarie University.