



Biotech Daily

Thursday April 11, 2019

Daily news on ASX-listed biotechnology companies

- * **ASX, BIOTECH DOWN: AVITA UP 20%; OSPREY DOWN 10%**
- * **CRESO TO RAISE \$5.35m VIA SECURED LOANS**
- * **IMAGION SUPPLIES NANO-PARTICLES TO ISRAEL'S NEW PHASE**
- * **STARPHARMA, FDA DISCUSS VIVAGEL FOR BACTERIAL VAGINOSIS**
- * **IMMURON TAKES TRAVELAN FOR TRAVELLERS' DIARRHOEA TO FDA**
- * **PHARMAUST 'OVERSUBSCRIBED' SHORTFALL RAISES \$700k; TOTAL \$2m**
- * **OSPREY 13.5m DIRECTORS OPTIONS AGM**
- * **PARADIGM REQUESTS 'SECONDARY ENDPOINTS' TRADING HALT**
- * **JM FINANCIAL GROUP TAKES 16% OF MACH7**
- * **RACI DINES ON 'INNOVATION TO IMPACT' WITH J&J'S KATHY CONNELL**
- * **TOTAL BRAIN FOR EMORY GOIZUETA COACHING DIPLOMA**

MARKET REPORT

The Australian stock market fell 0.4 percent on Thursday April 11, 2019, with the ASX200 down 24.8 points to 6,198.7 points. Thirteen of the Biotech Daily Top 40 stocks were up, 17 fell, six traded unchanged and four were untraded. All three Big Caps fell.

Avita was the best, recovering 6.5 cents or 19.7 percent to 39.5 cents, with 34.5 million shares traded. Pharmaxis climbed 11.8 percent; Genetic Signatures was up 9.3 percent; Telix improved six percent; Cyclopharm climbed five percent; Prana (Alterity) was up 4.3 percent; LBT was up three percent; Antisense and Polynovo rose more than two percent; Clinuvel was up 1.4 percent; with Cynata, Pro Medicus and Starpharma up by less than one percent.

Osprey led the falls, down 1.5 cents or 10.3 percent to 13 cents, with 17,800 shares traded. Optiscan lost 5.4 percent; Opthea and Prescient fell more than four percent; Mesoblast was down 3.6 percent; Compumedics, Impedimed, Kazia and Volpara shed more than two percent; Actinogen, Cochlear, CSL, Dimerix, Oncosil and Proteomics were down more than one percent; with Ellex, Medical Developments, Nanosonics, Neuren and Resmed down by less than one percent.

CRESO PHARMA

Creso has received “firm commitments” to raise \$5.35 million through loans for convertible notes from strategic and sophisticated investors.

Creso said the loans would be secured by its marijuana cultivation facility in Nova Scotia, Canada, owned by wholly-owned subsidiary Mernova Medical and a mortgage over the land held by Mernova, with interest at 15 percent a year, payable quarterly in arrears.

The company said it would seek shareholder approval at the May annual general meeting to repay the loan principal through the issue of up to 107 secured convertible notes with the face value of \$50,000 each, maturing 12 months from the meeting, at 50 cents a share, together with three free attaching options for every two shares issued.

Creso said that if shareholders did not approve the issue of convertible notes to repay the principal on or before August 31 the loans would be repayable on August 31, 2019.

The company said Everblu Capital Pty Ltd was the lead manager for the capital raising and would receive a fee of six percent of the funds raised, or \$321,000.

Creso said the funds would be used to support sales and marketing of its human and animal health marijuana-based products in Europe and Canada, accelerate the building of the Mernova facility, repay about \$1 million of debt and provide working capital.

Creso was up four cents or 9.9 percent to 44.5 cents with 1.3 million shares traded.

IMAGION BIOSYSTEMS

Imagion says it has an undisclosed contract with the Petah Tikvah, Israel-based New Phase to supply nanoparticles throughout 2019.

Imagion said it would supply its iron oxide nanoparticles for New Phase’s hyperthermia-based cancer treatment nanoparticle matrix for cancerous tumors.

New Phase chief executive officer Ofer Shalev said his company had been using Imagion’s nanoparticles for “a couple of years ... [and hoped] to establish a strong relationship with Imagion to use their nanoparticles in our hyperthermia therapeutic platform as we ramp up our pre-clinical testing and move towards human clinical trials”.

The company said diagnostic imaging addressed a \$2 billion market, with cancer therapy markets worth \$136 billion worldwide.

Imagion fell 0.1 cents or four percent to 2.4 cents with 2.2 million shares traded.

STARPHARMA HOLDINGS

Starpharma says it has discussed the approval path for Vivagel BV for bacterial vaginosis with the US Food and Drug Administration and is awaiting a formal outcome.

Late last year, Starpharma said the FDA requested “confirmatory clinical data” to approve Vivagel in the US (BD: Jan 20, 2019).

In shareholder updates, the company said it wasn’t sure if the request was for a further trial and the meeting “will allow the company to clarify what clinical data will be required and whether this will be through the generation of new confirmatory clinical data, or whether the requirement can be satisfied by additional analyses of existing clinical data”.

Today, Starpharma said it met with the FDA to confirm the data required and was awaiting the outcome of the FDA process, but did not disclose a timeline.

Starpharma chief executive officer Dr Jackie Fairley said the meeting “was an important step to better understand and address the FDA’s feedback”.

“It was a constructive and interactive meeting and we were very pleased with the level of engagement by the FDA in the discussions,” Dr Fairley said.

Starpharma was up half a cent or 0.4 percent to \$1.075.

IMMURON

Immuron says it plans to file an investigational new drug application to the US Food and Drug Administration for IMM-124E, or Travelan, for travelers' diarrhoea.

Immuron chief executive officer Dr Gary Jacob said that the cow colostrum-derived IMM-124E and Travelan were "one and the same".

The company said that Travelan was currently available over-the-counter and was listed by the Australian Therapeutic Goods Administration as a medicine for travelers' diarrhoea and as a dietary supplement and natural health product in the US and Canada.

"We believe seeking FDA registration for IMM-124E as a drug to prevent travelers' diarrhea offers the potential for substantial sales benefits to Immuron," Dr Jacob said.

"We are moving aggressively forward to develop IMM-124E through the FDA by planning to file an investigational new drug application for prevention of travelers' diarrhea and pursuing with FDA a rapid path for its clinical development," Dr Jacob said.

Immuron said that IMM-124E had "potential peak annual sales" of more than \$US100 million annually as an FDA approved drug to prevent travelers' diarrhoea.

Immuron fell half a cent or 2.6 percent to 19 cents.

PHARMAUST

Pharmaust says its shortfall placement at 2.5 cents a share was "heavily oversubscribed" and has raised about \$700,000 taking the total raised to \$2 million.

In March, Pharmaust said it had raised \$1,310,122 in the two-for-five non-renounceable rights issue (BD: Mar 22, 2019).

Pharmaust fell 0.1 cents or 2.7 percent to 3.6 cents.

OSPREY MEDICAL

Osprey will vote to grant a total of 13,510,000 options to chairman John Erb, directors Neville Mitchell and Sandra Lesenfants and chief executive officer Michael McCormick.

Osprey said the issue included 920,000 'replacement' options over Chess depository instruments (CDIs) to Mr Erb, 430,000 options for Mr Mitchell and 7,080,000 options for Mr McCormick as there had been "a sharp decline in the price of its CDIs ... [and] the board believes that the stock option exchange offer will serve as a means of motivating and retaining individuals with out-of-the-money stock options".

The company said the previous options were exercisable at 30 cents per CDI and the new options would be exercisable at the closing price on the date of grant.

Along with the replacement options, Osprey said it proposed to issue 160,000 options over CDIs to Mr Erb, 100,000 options to Mr Mitchell, 4,740,000 options to Mr McCormick and 80,000 options to Sandra Lesenfants.

The company said it proposed to increase the number of award shares and CDIs by 136.1 percent to 16,950,520 shares and 33,901,040 CDIs, respectively as well as increase the total number of authorized shares of capital stock by 76.9 percent to 1,150,000,000 and the total number of shares by 79.4 percent from 630,000,000 shares to 1,130,000,000 shares.

Osprey said the meeting would vote to approve a 10 percent placement facility, to re-elect Ms Lesenfants and Mr McCormick and to ratify the prior issue of 64,516,130 CDIs at 15.5 cents a CDI,

The meeting will be held at Johnson Winter & Slattery, Level 34, 55 Collins Street, Melbourne on May 9, 2019 at 9:00am (AEST).

Osprey fell 1.5 cents or 10.3 percent to 13 cents.

PARADIGM BIOPHARMACEUTICALS

Paradigm has requested a trading halt pending the release of its phase IIb [osteo-arthritis-bone marrow oedema lesions] clinical trial secondary endpoints results”.

In December, Paradigm said that its 112-patient, phase IIb trial results showed that pentosan polysulfate sodium “significantly reduces knee osteoarthritis pain compared to placebo (p = 0.031)” (BD: Dec 18, 2018).

Trading will resume on April 15, 2019 or on an earlier announcement.

Paradigm last traded at\$1.90.

MACH7 TECHNOLOGIES

JM Financial Group says it has increased its shareholding in Mach7 from 15,597,461 shares (10.58%) to 23,439,232 shares (15.89%).

The Melbourne-based JM Financial said it bought and sold shares between February 19 and April 9, 2019, with the single largest purchase 2,672,455 shares on April 5 for \$534,491 or 20 cents a share.

Mach7 fell half a cent or 2.2 percent to 22 cents.

ROYAL AUSTRALIAN CHEMICAL INSTITUTE

Johnson & Johnson Innovation’s Kathy Connell will discuss partnerships and collaborations at the Royal Australian Chemical Institute’s dinner on April 30, 2019.

The Institute said that Johnson & Johnson Innovation’s senior director of new ventures for Australia and New Zealand would speak to the RACI Bioactive Group and guests, sharing her thoughts on issues that impact the sector, in a talk entitled ‘Innovation to Impact from an Industry Perspective’.

RACI said that Ms Connell was responsible for implementing Johnson & Johnson Innovation’s external partnerships and growth strategy across Australia and New Zealand.

“As the technology scout for the pharmaceutical, medical device and consumer health businesses, Kathy is passionate about encouraging and building global collaborations to deliver new and disruptive healthcare solutions for people everywhere,” the Institute said.

“Kathy’s remit is to identify, review and establish early stage collaborative research and licencing opportunities to support Johnson & Johnson’s global [research and development] pipelines,” RACI said.

“She is also responsible for engaging with university, government, venture capital and industry stakeholders to identify novel ways of engaging with the innovation communities to help drive and build bio-economies across Australia and New Zealand to develop sustainable and long-term sources of healthcare innovations,” the Institute said.

RACI said the dinner would be hosted by its Bioactive Discovery and Development Group with sponsorship support from law firm Davies Collison Cave, biotechnology contract service provider 360Biolabs and the Commonwealth Scientific and Industrial Research Organisation.

The dinner will be held at St Andrews Hotel (formerly the Pumphouse Hotel), 128 Nicholson Street, Fitzroy, Victoria on Tuesday, April 30, 2019.

The Institute said that non-chemists were welcome and that “scientists from all areas will benefit from this event” with subsidized ticket prices for students.

For more information, go to <https://www.raci.org.au/document/item/3818>.

To register, go to <https://www.ivvy.com.au/event/VBG899/>.

TOTAL BRAIN

Total Brain says it has an agreement with the Atlanta, Georgia-based Emory University's Goizueta Business School for a three-month executive coaching diploma.

Total Brain said diploma candidates would use its platform to understand brain performance and mental health in their executive professional coaching training.

Total Brain was unchanged at 2.9 cents.