



Biotech Daily

Wednesday May 13, 2020

Daily news on ASX-listed biotechnology companies

- * **ASX UP, BIOTECH DOWN: LBT UP 13%; OSPREY DOWN 10%**
- * **MESOBLAST PLACEMENT RAISES \$139m**
- * **VOLPARA \$7m SHARE PLAN RAISES \$9m; TOTAL \$37m**
- * **US FDA DELAYS PHARMAXIS BRONCHITOL RESPONSE 4 MONTHS**
- * **MICRO-X RAMPS UP NANO PRODUCTION**
- * **NOXOPHARM 'FULLY-UNDERWRITTEN' RIGHTS FOR \$7.9m**
- * **OPYL, AAMRI LAUNCH BEST PRACTICE SOCIAL MEDIA GUIDE**
- * **G MEDICAL PROVIDES PRIZMA DISCOUNT TO RACGP**
- * **CRESO: 'LEGAL ADVICE' HALTS MERNOVA CANADA MARIJUANA SALES**
- * **LITTLE GREEN RETRACTS M-D FLETA SOLOMON 'BREAK-EVEN' CLAIM**
- * **MGC APPOINTS KS KIM ARTEMIC DISTRIBUTOR**
- * **AUSTRALIAN ETHICAL REDUCES TO 8% OF PRESCIENT**
- * **REGAL FUNDS TAKES 5% OF ONCOSIL**
- * **CRESO VOTES ON 67% DIRECTORS FEES HIKE TO \$500k; SHARE ISSUES**
- * **POLYNOVO APPOINTS CHRISTINE EMMANUEL DIRECTOR**
- * **THC: CO SECS JARROD WHITE, SONNY DIDUGU IN; HENRY KINSTLINGER OUT**

MARKET REPORT

The Australian stock market closed up 0.35 percent on Wednesday May 13, 2020, with the ASX200 up 18.9 points to 5,421.9 points. Twelve of the Biotech Daily Top 40 stocks were up, 18 fell, nine traded unchanged and one was untraded.

LBT was the best, up 1.5 cents or 13.0 percent to 13 cents, with 857,080 shares traded. Avita climbed 8.7 percent; Oncosil and Uscom were up more than four percent; Imugene improved 3.45 percent; Pro Medicus and Resonance rose more than two percent; Cochlear, Ellex and Kazia were up more than one percent; with Clinuvel, CSL, Medical Developments and Nanosonics up by less than one percent.

Osprey led the falls, down 0.1 cents or 10 percent to 0.9 cents, with 1.4 million shares traded. Actinogen and Genetic Signatures lost five percent or more; Optiscan and Telix fell more than four percent; Amplia and Compumedics were down more than three percent; Cynata, Impedimed, Paradigm and Pharmaxis shed more than two percent; Cyclopharm, Mesoblast, Neuren, Next Science, Opthea and Volpara were down more than one percent; with Starpharma and Resmed down by less than one percent.

MESOBLAST

Mesoblast says it has raised \$US90 million (\$A138,907,000) through a placement to institutional investors at \$3.20 a share.

Mesoblast said the issue price was at a 7.0 percent discount to the five-day volume weighted average price to May 8, 2020.

The company said the funds would be used to scale-up manufacturing of remestemcel-L for patients suffering from diseases caused by cytokine release syndromes, including acute respiratory distress syndrome (ARDS), associated with Covid-19.

Mesoblast said the funds would also be used for working capital, general corporate purposes and to support an up to 300-patient phase II/III trial of remestemcel-L to reduce mortality in Covid-19 patients with ARDS.

The company said Bell Potter Securities was lead manager and underwriter to the placement.

Mesoblast fell five cents or 1.45 percent to \$3.39 with 11.5 million shares traded.

VOLPARA HEALTH TECHNOLOGIES

Volpara says it has raised \$9 million through an oversubscribed share purchase plan at \$1.30 a share, taking the total raised to \$37 million.

Last month, Volpara said it had raised \$28 million in a placement at \$1.30 a share and hoped to raise a further \$7 million in an underwritten share plan (BD: Apr 21, 2020).

Today, the company said the issue price was at a 10.3 percent discount to the last traded price on April 16, 2020, applications exceeded \$11 million but it scaled back the allotment to \$9 million on a pro-rata basis.

The company said the funds would be used for general working capital and to fund potential future acquisition opportunities.

Volpara fell two cents or 1.5 percent to \$1.33.

PHARMAXIS

Pharmaxis says the US Food and Drug Administration has classed its Bronchitol new drug application resubmission "class two", extending its response to November 1, 2020.

Pharmaxis said the class two classification changed the expected review period from two months to six months.

The company said its US licensee Chiesi Farmaceutici had received acknowledgement of receipt of the resubmission, which indicated that it had responded to all issues raised.

Pharmaxis chief executive officer Gary Phillips said that "while I am pleased that the FDA has confirmed Chiesi's submission to be complete, I am disappointed the FDA has exercised its discretion to set a six-month review timetable".

"The \$US10 million launch milestone payable by Chiesi subsequent to an approval of Bronchitol by the FDA therefore moves from the [end] of 2020 to [March 31] 2021".

Pharmaxis fell 0.2 cents or 2.25 percent to 8.7 cents.

MICRO-X

Micro-X says it has ramped up production of its Nano units following a \$15 million capital raising and has ordered \$600,000 of capital equipment (BD: May 11, 2020).

Micro-X said it had was clearing a backlog of orders had shipped \$500,000 of units with \$1.5 million more in production.

Micro-X was up half a cent or 3.7 percent to 14 cents with 5.9 million shares traded.

NOXOPHARM

Noxopharm says it hopes to raise \$7.9 million through a fully-underwritten, one-for-2.5, pro-rata rights offer at 13 cents a share.

Noxopharm said that for every three new shares bought, investors would receive one option, exercisable at 30 cents within three years.

The company said the offer price was a 33 percent discount to the 15-day volume weighted average price to May 6, 2020.

Noxopharm said the record date would be May 20, the offer would open on May 21 and close on June 11, 2020.

The company said it would use the funds for its cancer programs, "allow the company to pursue major opportunity in septic shock" from the severe acute respiratory syndrome coronavirus 2 (Sars-Cov-2) and influenza viruses.

Noxopharm said Canaccord Genuity Australia would be lead manager and underwriter, with underwriter and sub-underwriter options subject to shareholder approval.

Noxopharm fell one cent or 5.1 percent to 18.5 cents with 1.5 million shares traded.

OPYL

Opyl says it has launched a best practice guide for social media during the Covid-19 crisis with the Association of Australian Medical Research Institutes.

Opyl said the guide would support medical researchers to disseminate critical medical research through global digital communication channels, including social media.

The company said the Covid-19 pandemic had seen a 61 percent increase in social media engagement since the beginning of April and global reliance on reputable medical and scientific information was rising.

Opyl was untraded at 7.3 cents.

G (GEVA) MEDICAL INNOVATIONS

G Medical says it will provide the Royal Australian College of General Practitioners (RACGP) its Prizma vital sign pack at a discount from May 13 to October 30, 2020.

G Medical said the sponsorship program would be offered to more than 40,000 RACGP members, but did not disclose the price or the discount.

G Medical fell 0.6 cents or 7.6 percent to 7.3 cents with 12.1 million shares traded.

CRESO PHARMA

Creso has told the ASX that it will take no further action on its Minerva licence to sell marijuana in Canada until it has received further legal advice.

On Monday, Creso said that its wholly-owned subsidiary Mernova Medicinal Inc would sell dried and fresh marijuana for medical purposes in Canada and it had received a sales licence from Health Canada (BD: May 11, 2020).

Today, the company said it had undertaken to the ASX that "no member of the Creso Pharma Group had taken any action in respect of any activities authorized by the sales licence" and it was in the process of completing its due diligence.

Creso said that "based on the company's legal advice to date, it is confident that it can obtain the required legal opinion within a week of this announcement, however given the company's undertaking not to act on the sales licence, the company advises investors should not rely on the original announcement in making investment decisions".

Creso was unchanged at 7.1 cents with 4.1 million shares traded.

LITTLE GREEN PHARMA

Little Green Pharma says that a statement by managing-director Fleeta Solomon on “reaching revenue break-even” was not intended to be “profit or revenue guidance”. Little Green said it did “not have a reasonable basis for disclosing forward-looking financial statements, including when and if it may reach revenue break even ... [and it] retracts the statement”.

“The statement should be disregarded and investors should not rely on the statement for investment decisions,” the company said.

In its most recent Appendix 4C, the company said it had receipts from customers of \$630,000 for the three months to March 31, 2020, spent \$2,235,000 in the period and had cash and cash equivalents of \$5,987,000 at March 31, 2020 or 2.7 quarters of cash. Little Green fell one cent or 2.4 percent to 40 cents.

MGC (MEDICAL GRADE CANNABIS) PHARMACEUTICALS

MGC says Israel’s KS Kim International will distribute and sell food supplement Artemic “for viral infections” in Israel, Russia and Eastern European countries.

MGC said KS Kim was a division of SK-Pharma Group and it would supply the product and develop documentation and patient information leaflets for registration as a drug for Israel, Russia, the Commonwealth of Independent States and Balkan countries.

The company said KS Kim would register, promote and distribute the product and would provide a non-binding sales forecast for the first two years.

MGC said Artemic would be evaluated in a phase II trial for viral infections, but did not mention severe acute respiratory syndrome coronavirus-2 (Sars-Cov-2) or Covid-19.

In March and April, MGC requested seven extensions to a voluntary suspension following a trading halt requested on March 19, 2020 for what is said was a Covid-19-related joint venture (BD: Mar 19, 23, 24, 25, 26, 27, 31; Apr 2, 3, 2020).

MGC was eventually suspended by the ASX and emerged saying the trading halt and suspension had nothing to do with Covid-19, before making a further announcement that the joint venture with Swiss company Micelle Technology AG was to repurpose malaria compound Artemic for Covid-19 (BD: Apr 15, 17, 2020).

MGC fell 0.1 cents or 3.85 percent to 2.5 cents with 20.0 million shares traded..

PRESCIENT THERAPEUTICS

Australian Ethical Investment says it has reduced its substantial shareholding in Prescient from 37,321,543 shares (9.47%) to 32,331,536 shares (8.20%).

The Sydney-based Australian Ethical said that between December 3, 2019 and May 11, 2020 it sold 4,990,007 shares for \$255,640 or an average of 5.12 cents a share.

Prescient was unchanged at 4.4 cents.

ONCOSIL MEDICAL

Regal Funds Management says it has become a substantial shareholder in Oncosil with 40,981,369 shares or 5.28 percent of the company.

The Sydney-based Regal Funds said that on May 8, 2020 it bought 28,885,563 shares for \$2,599,700.67 or 9.0 cents a share.

Last week, Oncosil said it had placement commitments to raise \$14 million at nine cents a share and would raise \$5 million in a fully underwritten rights offer (BD: May 4, 2020)

Oncosil was up half a cent or 4.35 percent to 12 cents with 2.7 million shares traded.

CRESO PHARMA

Creso says shareholders will vote to increase its directors' fees pool by 66.7 percent to \$500,000 a year and issue stock to Lind, L1 Capital, Chifley and Suburban Holdings. Creso said the annual general meeting would vote to approve its 7.1A mandate or placement capacity to 10 percent of issued capital.

In April, Creso said it had a \$1,000,000 convertible securities agreement with Lind Global Macro Fund LP and had drawn \$500,000 from L1 Capital (BD: Apr 20, 2020).

Today, the company said it would vote to issue 30,000,000 collateral shares, one convertible note and 10,752,688 options to Lind and ratify the prior issue of 6,000,000 initial collateral shares.

Creso said it would vote to issue 15,000,000 additional tranche one collateral shares and to ratify the prior issue of 10,812,526 additional collateral shares to L1 Capital.

The company said it would vote to issue 2,000,000 additional tranche one collateral shares to Chifley and 15,000,000 shares to Suburban Holdings under the convertible securities agreement.

Creso said the meeting would vote to issue up to 5,310,954 settlement shares, appoint BDO Audit as its auditor, adopt its remuneration report and re-elect director James Ellingford.

The meeting will be "virtual" and held on Tuesday June 16, 2020 at 1:30pm (AEST).

POLYNOVO

Polynovo says it has appointed patent and trademark attorney Christine Emmanuel as a non-executive director.

Polynovo said Ms Emmanuel had more than 30 years' experience, was currently the executive manager of business development and commercial for the Commonwealth Scientific and Industrial Research Organisation and was previously in-house counsel for Unilever UK and an attorney for Wilson Gunn in the UK and Davies Collison Cave and Griffith Hack in Melbourne.

The company said Ms Emmanuel held a Bachelor of Science from Monash University, a Certificate in Intellectual Property Law from the University of London's Queen Mary College and a Masters of Enterprise from the University of Melbourne.

Polynovo was unchanged at \$2.49 with five million shares traded.

THC (THE HYDROPONICS COMPANY) GLOBAL GROUP

THC says Jarrod White and Sonny Didugu have been appointed as joint company secretaries, replacing Henry Kinstlinger.

THC fell 1.5 cents or 4.55 percent to 31.5 cents.