





Health & Biotech

Cann pulls back from Mildura pot project as world flooded with weed

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Cann Group (ASX:CAN) is pulling back from its original ambitious Mildura cannabis growing warehouse, saying a global oversupply has led it to change plans.

Furthermore, major shareholder Aurora says it won't participate in any new funding rounds in the near future.

Cann will now build a first stage that can produce 12,500kg of dry cannabis flower a year, proposed to be finished by December this year and first harvest in the March quarter next year.

It's expected to cost between \$65 million and \$75 million but also generate near-term profitability and positive cash flows.

The next stage to bring it up to production of 25,000kg will start once the company has a better idea of just how much product they can sell in Australia and overseas.

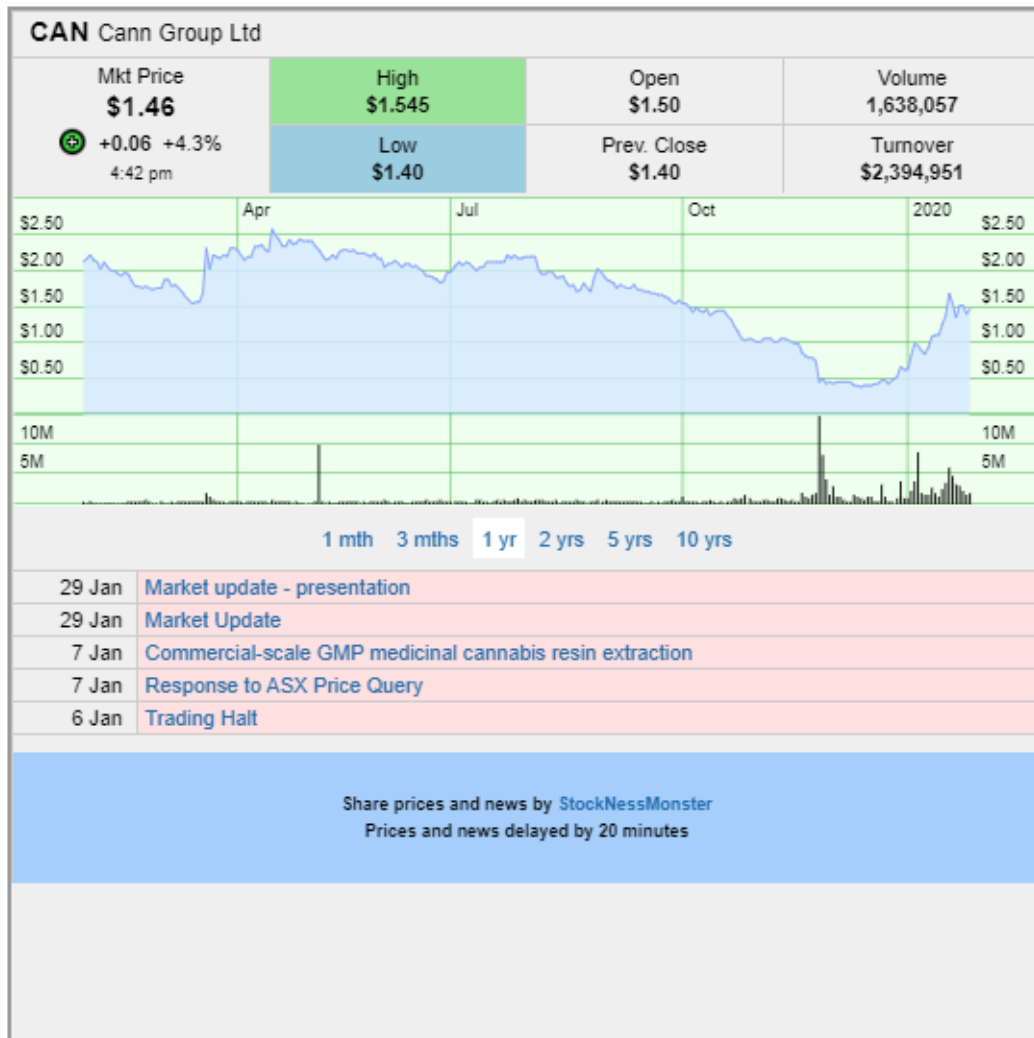
The plan was to have a 70,000kg a year capacity facility in Mildura, and Cann promises that it will be designed so the other 45,000kg capacity can be easily added.

Expected demand for cannabis hasn't materialised particularly in Canada, leading to stockpiles and an oversupply of production infrastructure.

Cann's plan was to supply the Australian market but make money from exports. With the local market still growing slowly and export markets oversupplied, the company has had to rejig its business model.

It will continue to make finished products to meet Australian demand, to be distributed by Symbion Health, and well as "develop export pathways" as per its deal under the Aurora offtake agreement.

It's cut \$7m out of its costs and staff numbers by 25 per cent.



In other news:

Hollista CollTech (ASX:HCT) has sold out of hand sanitiser in Malaysia and has ordered 60,000 more bottles from the US for mid-February, as Malaysians worry about coronavirus infections. The stock is up 22 per cent in morning trade.

Althea (ASX:AGH) took \$900,000 in cash receipts from selling pot in the December quarter, but still posted a \$7.4m operating cash burn. It has just over \$22m in the bank left to spend.

EMVision Medical Devices (ASX:EMV) has started a clinical trial scanning stroke patients, to diagnose and monitor strokes.

Tasmanian Alkaloids has agreed to make **Medlab Clinical's (ASX: MDC)** NanaBis marijuana mouth spray.

Exopharm (ASX:EX1) has started human dosing in its PLEXOVAL Phase I study using exosomes isolated from human platelets for wound healing, and a quarterly report shows it has \$5.9m in the bank.

