

Ag & Vet Weekly



Monday May 3 - Friday May 7, 2021

All the news on ASX-listed agriculture and veterinary companies

- * **ASX UP; AVW-42 DOWN; ECOFIBRE UP 9%; REGENEUS DOWN 13%**
- * **MEMPHASYS: NEW IVF PRODUCTS INCLUDE STALLION SPERM TEST**
- * **CLEAN SEAS PLACEMENT RAISES \$25m**
- * **REGENEUS PLACEMENT TO RAISE UP-TO \$4.5m**
- * **FONTERRA CAPITAL STRUCTURE REVIEW**
- * **WIDE OPEN: PRELIMINARY RESULTS BACK LUPIN FOOD PROTEIN**
- * **PALLA, M&A LEGAL ISSUES SETTLED; PRODUCTION BEGINS; LAUNCH**
- * **MGC RECEIVES \$996k ARTEMIC RESCUE ORDER**
- * **CRESO: HALUCENEX, NUCRO-TECHNICS PSILOCYBIN R&D DEAL**
- * **MGC REQUESTS 'FURTHER ARTEMIC FINDINGS' TRADING HALT**
- * **MEMPHASYS' PROF JOHN AITKEN WINS ANDROLOGIST GONG**
- * **REGENEUS GRANTS CEO KAROLIS ROSICKAS 25m INCENTIVE OPTIONS**
- * **AVECHO LOSES DIRECTOR DAVID SEGAL**
- * **TANIA FOSTER REPLACES ELDERS CFO RICHARD DAVEY**
- * **ANDREW ALLIBON REPLACES CLOVER CFO, CO SEC PAUL SHERMAN**
- * **OCEAN GROWN APPOINTS BRENT STOCKDEN CO SEC**

MARKET REPORT

The Australian stock market was up 0.27 percent on Friday May 7, 2021, with the ASX200 up 19.1 points to 7,080.8 points. Nine of the AVW-42 stocks were up, 26 fell, five traded unchanged and two were untraded.

Ecofibre was the best, up 7.5 cents or 9.1 percent to 90 cents, with 217,793 shares traded. Cann Global rose 7.7 percent; Clover climbed 4.6 percent; Food Revolution was up 3.3 percent; AP Hemp and Synlait were up more than two percent; with Cann Group, Ridley and Terragen up by less than one percent.

Regeneus led the falls, down 1.5 cents or 13.0 percent to 10 cents, with 3.4 million shares traded. Avecho, Nanollose and Wide Open fell more than five percent; Fonterra was down 4.5 percent; Anatara, Bubs, Elixinol and Tasfoods lost more than three percent; A2 Milk, Althea, Apiam, Creso, Next Science, Palla and Pharmaust shed more than two percent; Bega, Clean Seas, Costa, Memphasys, Nufarm, Seafarms and Ocean Grown lost one percent or more; with Elders, Select Harvest and Tassal down by less than one percent.

MEMPHASYS

Memphasys says it is developing a portfolio of assisted reproductive products including a stallion sperm test with Prof John Aitken's team at the University of Newcastle.

Memphasys said that with research assistance from the New South Wales-based University of Newcastle it was expanding its focus from sperm separation to reproductive technologies for humans and animals and included prospective medical devices, in-vitro diagnostics and proprietary media.

The company said that the first developmental product would be a stallion fertility test called the Stallion Dismount Diagnostic.

Memphasys executive chair Alison Coutts told Ag & Vet Weekly that the test sampled the remnant of "dismount" semen left on a horse's penis after natural mating with a mare and a chemical test could determine the activity level of the stallion's sperm.

Ms Coutts said that the test detected the probability of the stallion being able to fertilize a mare based on the level of mitochondrial activity in the sperm, with the result known almost instantly.

Ms Coutts said that the test was based on equine sperm being highly dependent on their mitochondria to generate the energy needed for motility and fertilization of the egg.

In a media release to the ASX, the company said that a prototype was currently being developed, with field testing during the Australian race-horse breeding season starting in September 2021.

Memphasys said that since the spermatozoa of other ungulate species, including cattle, pigs and sheep, had a similar pattern of metabolism, Prof Aitken and his research team were "confident that this diagnostic system ... [would] permit the rapid assessment of semen quality in other commercially valuable domestic species".

The company said that the Australian thoroughbred industry was second to the US with 20,400 mares and 580 stallions, with the \$15 million 'Everest' at Sydney's Randwick Racecourse "the richest race in the world on turf", while the \$8 million Melbourne Cup at Flemington has become a virtual public holiday and is televised world-wide.

Memphasys said there were more than 20,000 thoroughbred horse matings in Australia each season, resulting in some 13,000 foals, with all required to be natural and not through artificial insemination.

The company said that stallions were selected on pedigree and athletic prowess rather than reproductive performance, with the average 60 percent conception success lower than most domesticated livestock species.

Memphasys said that a rapid, accurate test at the time of conception would be valuable to determine the chance of pregnancy success and mitigate economic loss.

The company said that breeders wanted conceptions and viable pregnancies as close as possible to the start of the breeding season on September 1, with each additional "day of age" costing more than \$US163 to the owner, with an overall difference of \$US23,000 between the oldest early season conception and youngest late season conception, with "service fees" varying from about \$3,000 to \$250,000 for a top stallion but not payable until the mare's pregnancy was confirmed.

Ms Coutts said she was "extremely encouraged by the progress both Memphasys and Newcastle University have made in relation to all the products under development, but especially the stallion dismount diagnostic".

"Importantly, it highlights that while bringing our Felix device for humans into commercialization is priority, we are not a one product company reliant on a single revenue stream," Ms Coutts said.

Memphasys fell 0.1 cents or 1.6 percent to 6.2 cents.

CLEAN SEAS SEAFOOD

Clean Seas says it has raised \$25 million at 57 cents a share in an institutional placement, a 10.9 percent discount to the closing price on April 30, 2021.

Clean Seas said the funds would be used as working capital to “fully utilise” its existing Kingfish production licences in South Australia, capitalise on growth opportunities, acquire an exclusive licence for Icefresh, with excess capital used to retire convertible note debt.

The company said it had applied for admission to trading on Euronext Growth Oslo of the Oslo Stock Exchange for depositary interests, which was expected to begin on or around May 20, 2021 under the trading symbol CSS.

Clean Seas said that directors and management committed to subscribe for about \$140,000 in new shares.

The company said that Sparebank1 was the lead manager and bookrunner to the placement, with Bell Potter Securities the corporate advisor and broker.

Clean Seas was down one cent or 1.7 percent to 57.5 cents.

REGENEUS

Regeneus says it hopes to raise up-to \$4.5 million, potentially starting at 20 cents a share in the next 12 months in a private placement to New Life Sciences Capital LLC.

Regeneus said it would raise funds in three stages, each planned to raise \$1,500,000 with the first “in the next week” the second within the next six months and the final placement in the next 12 months.

Under a sub-heading of ‘Further details on the placement’ the company said it would “issue placement shares in relation to all or part of each of the placements at the investor’s request, within 24 months of the date of the corresponding prepayment”.

Regeneus said the number of shares would be determined by applying the purchase price to the subscription amount, but subject to the floor price of five cents a share.

The company said that for the first two tranches it would issue \$1,590,000 to raise \$1,500,000.

Regeneus chief executive officer Karolis Rosickas told Biotech Daily that the difference was “an implied placement fee” and the facility was “a structured equity instrument [with] a pre-payment for shares coming in three tranches, not a draw-down facility”.

Regeneus said the third placement of \$1,500,000 in shares would be for \$1,500,000.

The company said the initial share price of 20 cents a share was a 74 percent premium to the last closing price on May 6, 2021, but the price was conditional on the shares being issued by July 6, 2021.

Regeneus said that shares issued after July 6, 2021 would have the share price reset to a five percent discount to the five-day volume-weighted average price selected by New Life Sciences in the 20 consecutive trading days prior to the notice to issue shares, or an eight percent discount if the shares were issued after February 1, 2022.

The company said that either party could refuse or reduce the placement if the price was unsatisfactory.

Regeneus said it would pay an initial fee of 1,352,982 Regeneus shares and 3.8 million options exercisable at 16.51 cents to New Life Sciences, as well as \$27,000 worth of shares at the time of the third placement.

Regeneus said it would use the funds for phase II US trials of its Progenza for osteoarthritis, planned to begin by July 2022, and for general working capital.

Regeneus fell 1.5 cents or 13.0 percent to 10 cents with 3.4 million shares traded.

FONTERRA SHAREHOLDERS' FUND

Fonterra says it has a consultation process with its farmer owners on the review of its capital structure.

Fonterra said it has “temporarily capped” the size of its fund by suspending shares in the Fonterra Shareholders’ Market from being exchanged into units in the fund, which at May 4, 2021 had about 107.2 million units on issue for a market capitalization of \$NZ493 million (\$A458.4 million).

The company said that the fund manager had formed a sub-committee of independent directors to consider the implications for unit holders and the sub-committee had appointed advisors Simmons Corporate Finance and Chapman Tripp to assist with its deliberations “over coming months”.

Fonterra said it expected the process to “take several months” and aimed for a “refined proposal” to be voted at its annual general meeting in November 2021.

The company said its preferred option was to buy-back and remove the fund or it to be capped permanently.

Fonterra was down 19 cents or 4.5 percent to \$4.05.

WIDE OPEN AGRICULTURE

Wide Open says preliminary results confirm that its genetic modification-free, gluten-free lupin protein has applications for multiple food products.

Last year, Wide Open said the Commonwealth Scientific and Industrial Research Organisation would produce a food-grade lupin for plant-based food, using technology from Perth’s Curtin University (AVW: May 22, Dec 11, 2020).

Today, the company said its preliminary testing showed that “the lupin protein had a clean and neutral taste making it suitable for use in a wide range of fully formatted food products ... [and its] enhanced gelling and viscosity properties mimicked the mouth feel of meat and dairy analogues which would be further tested in upcoming sensory and taste trials”.

Wide Open said that the manufacturing process of lupin to its lupin protein concentrate did not reduce any nutritional qualities or destroy any essential amino acids and nutritional analyses of the lupin protein showed that all nine essential amino acids were available at “desirable and balanced levels for adult nutrition”.

The company said the alkaloid levels in the analyses were below the maximum permitted levels, no chemical residues were found and low microbial counts which accredited the samples as food grade.

Wide Open said the lupin protein samples had protein content of 76 percent which was similar or higher to commercially available concentrates from other plant source like pea and soy.

The company said the typical nutritional and compositional analysis of average lupin protein for every 100gm was 1530kJ of energy, 76gm of protein, 1.6gm total fat, 21gm carbohydrates including 1.5gm sugars, 9.2g of dietary fibre and 1.0 gram of sodium.

Wide Open said the lupin protein showed a balanced range of amino acids, good levels of dietary fibre and essential fatty acids (omega three and six) and it exhibited traits of “high digestibility when compared to other legumes such as soy”.

Wide Open chief executive officer Ben Cole said that the laboratory results were “extremely encouraging and provide an excellent foundation to continue rapidly working towards proof-of-concept food and drink products with our patented lupin protein”.

Wide Open fell five cents or 5.75 percent to 82 cents.

PALLA PHARMA

Palla says that having “settled all outstanding legal issues” with its largest ingredient customer, M&A Pharmachem, it had begun a long-term production partnership. Palla said that it announced the settling of the legal issues with its largest active pharmaceutical ingredient customer, namely poppy-derived products, was “announced at the release of the 2020 full year results in February”

In February, the company said that revenue for the year to December 31, 2020 fell 59.9 percent to \$ 21,905,325 with net loss after tax up 355.0 percent to \$34,756,056 (BD: Feb 26, 2021) (AVW: Feb 26, 2021)

On page 18 of the 47-page full year results document, Palla said the outstanding litigation had been settled, but provided no further details.

Today, the company said the production partnership with the Bolton, England-based M&A Pharmachem involved marketing authorization licences, contract manufacturing, supply agreements and access to M&A’s facility in the UK

Palla said it had launched its Co-Codamol 30mg codeine phosphate-500mg paracetamol caplet combination in the UK.

Palla was down one cent or 2.2 percent to 44 cents.

MGC PHARMACEUTICALS

MGC says it has received its second order from Swiss Pharmacan AG for EUR640,000 (\$A995,688.2) of its Artemic Rescue food supplement.

Last month, MGC said it had received an order from Swiss Pharmacan AG for \$425,000 of its Artemic Rescue food supplement for Covid-19 (AVW: Apr 9, 2021).

The company previously said the artemisinin, curcumin, Boswellia serrata and vitamin C-based Artemic was safe and could prevent the deterioration of Covid-19 patients and achieve faster clinical improvement, based on a 50-patient phase II clinical trial (AVW: Dec 18, 2020).

Today, MGC said it was working with Swiss Pharmacan AG to seek approvals for Artemic Rescue to be used as a supplement to support Covid-19 patients and alleviate their symptoms.

MGC was in a trading halt and last traded at 6.1 cents.

CRESO PHARMA

Creso says it has an agreement with Nucro-Technics to test the stability and shelf life of psilocybin liquid formulations for use in the Halucenex phase II clinical trial.

Creso said the deal was through its wholly-owned subsidiary Halucenex Life Sciences Inc, which it acquired in March for its psychedelic drug program including the mushroom-derived psilocybin for post-traumatic stress disorder, depression and other mental illnesses (BD: Mar 15, 2021).

Today, the company said the Toronto, Ontario-based Nucro-Technics was a contract research organization which would “provide microbiology and chemistry test work for a salient delivery solution using synthetic psilocybin” for the trial.

Creso said the proposed Halucenex trial was an up-to 20 patient, single-arm, feasibility study of psilocybin in adults with treatment-resistant post-traumatic stress disorder.

The company said the trial would begin pending the receipt of a dealer’s licence from Health Canada and the application for clinical trial authorization.

Creso fell half a cent or 2.6 percent to 19 cents with 12 million shares traded.

MGC PHARMACEUTICALS

MGC has requested a trading halt pending an announcement “in relation to further findings on Artemic”, its anti-inflammatory food additive for Covid-19.

Previously, MGC said that the artemisinin, curcumin, Boswellia serrata, and vitamin C-based Artemic was safe, could prevent deterioration of Covid-19 patients and achieve faster clinical improvement, based on a 50-patient clinical trial (AVW: Dec 18, 2020).

Trading will resume on May 10, 2021 or on an earlier announcement.

MEMPHASYS

Memphasys says the American Society of Andrology has awarded its scientific advisory committee head, Prof John Aitken, the Distinguished Andrologist award.

REGENEUS

Regeneus says it will grant up-to 25,000,000 long term incentive options exercisable at 10 cents each, to chief executive officer Karolis Rosickas.

Last year, Regeneus said it appointed Mr Rosickas chief executive officer, starting on \$250,000 a year with short-term incentives of up to 150 percent of his remuneration and a long-term incentive of up to 6,000,000 options (BD: Nov 2, 3, 2020).

Today, the company said Mr Rosickas’ 25,000,000 options were in lieu of the previous long term incentive options, with had not been issued.

Regeneus said the options would vest in three tranches based on conditions, expiring in five years from the grant date.

AVECHO (FORMERLY PHOSPHAGENICS)

Avecho says director David Segal has resigned as a director, effective from the company’s annual general meeting on May 31, 2021.

In 2016, the then Phosphagenics, said that former investor relations manager Mr Segal was elected as a director, despite lacking board endorsement (BD: Apr 15, May 19, 2016).

Today, the company said that Mr Segal had been “a valuable asset ... and has contributed to the company’s growth”.

The company said it had withdrawn two resolutions from the annual general meeting relating to Mr Segal’s re-election and the proposed grant of options.

Avecho was down 0.1 cents or 5.3 percent to 1.8 cents.

ELDERS

Elders says it has appointed Tania Foster as its chief financial officer, effective from May 31, 2021, replacing Richard Davey (AVW: Mar 5, 2021).

Elders said Ms Foster was previously with the National Australia Bank for 10 years, most recently as chief financial officer for business and private banking, and prior to the NAB, worked for the Australia and New Zealand Bank and BHP.

The company said Ms Foster had “strong ties to the agricultural sector, having grown up on a sheep and cattle property at Casterton” in Victoria.

Elders said Mr Davey would retire “no later than the end of June 2021” and would remain in a special advisory capacity until his departure.

Elders fell three cents or 0.3 percent to \$11.58 with 683,873 shares traded.

CLOVER CORP

Clover says chief financial officer and company secretary Paul Sherman has resigned to “pursue other opportunities” effective immediately.

Clover said Andrew Allibon will be acting chief financial officer and company secretary in the interim.

The company said it has begun a search for a new chief financial officer and company secretary.

Clover was up 8.5 cents or 4.6 percent to \$1.935 with 750,920 shares traded.

OCEAN GROWN ABALONE

Ocean Grown says Brent Stockden will replace interim company secretary Ian Cunningham.

Ocean Grown said Mr Cunningham was appointed interim company secretary on November 30, 2020.

Ocean Grown was down 0.1 cents or 1.2 percent to 8.2 cents.