

# Ag & Vet Weekly



Monday December 6 – Friday December 10, 2021

*All the news on ASX-listed agriculture and veterinary companies*

- \* **ASX DOWN, AVW-42 UP: WELLNEX UP 7%; TERRAGEN DOWN 9%**
- \* **ABARES: \$78b 'RECORD AGRICULTURE PRODUCTION VOLUME, VALUE'**
- \* **COBRAM ESTATE RAISES \$50m, SHARE PLAN FOR \$1m MORE**
- \* **EPSILON RAISES \$2.9m**
- \* **SYNLAIT, NZ, DANONE, AGRESEARCH WORK ON SOIL HEALTH**
- \* **WIDE OPEN APPOINTS MKMI GULF STATES OAT MILK DISTRIBUTOR**
- \* **MEMPHASYS, MONASH IVF BEGIN FELIX SPERM SEPARATION TRIAL**
- \* **AUSCANN: FDA CONFIRMS DOG OA MARIJUANA CPAT-01 TRIAL**
- \* **WELLNEX, AUSTRALIAN DAIRY J-V FOR ORGANIC A2 MILK FORMULA**
- \* **ROOTS REQUESTS CAPITAL RAISING TRADING HALT**
- \* **PALLA PLEADS 'SHAREHOLDER' TO 41.2% FALL**
- \* **CANN RECEIVES \$2.2m FEDERAL R&D TAX INCENTIVE**
- \* **TERRAGEN TO RELEASE 10m SHARES FROM ASX ESCROW**
- \* **BLACKROCK TAKES 6% OF ELDERS**
- \* **PERPETUAL TAKES 14.6% OF COSTA**
- \* **DIRECTOR PAUL BENHAIM, RAW WITH LIFE DILUTED TO 9% IN ELIXINOL**
- \* **ANATARA APPOINTS SIMON ERSKINE CDO, MICHAEL PRYOR BDM**

## MARKET REPORT

The Australian stock market fell 0.42 percent on Friday December 10, 2021, with the ASX200 down 31.0 points to 7,353.5 points. Eighteen of the AVW-42 stocks were up, 16 fell, seven traded unchanged and one was untraded.

Wellnex was the best, up 0.6 cents or 7.1 percent to 9.1 cents, with 607,154 shares traded. Avecho climbed 6.7 percent; Fonterra and Sustainable Nutrition (AP Hemp) were up more than four percent; Anatara and Select improved more than three percent; Cobram, Pharmaust, Ridley and Synlait rose more than two percent; Auscann, Cann Group, Memphasys and Wide Open were up more than one percent; with A2 Milk, Bega, Clover and Nufarm up by less than one percent.

Terragen led the falls, down two cents or 8.7 percent to 21 cents with 239,489 shares traded. Clean Seas and Seafarms lost more than five percent; Ecofibre, Food Revolution, Murray Cod, Nanollose and Rare Foods fell more than four percent; Bubs, Creso and Elixinol were down more than three percent; MXC shed 2.6 percent; Elders and Next Science lost more than one percent; with Apiam and Costa down less than one percent.

## THE BUREAU OF AGRICULTURAL AND RESOURCE ECONOMICS AND SCIENCES

The Bureau of Agricultural and Resource Economics and Sciences says it expects record production volumes and values due to exceptional seasonal conditions and world prices.

The Bureau said that despite recent flood and rain damage in the Eastern states, the 'Agricultural Commodities: December Quarter' forecast "a history-making agricultural gross production value of \$78 billion" \$5.4 billion more than recently predicted, with the value of agricultural exports forecast to be a record \$61 billion.

Abares executive director Dr Jared Greenville said Australia "was enjoying an extraordinary combination of favorable conditions and 30-year price highs".

"This uplift in Australian agricultural production value and volume is unprecedented and the result of exceptional growing conditions here and poor seasons being experienced by key overseas competitors," Dr Greenville said. "It would be the first time in at least half a century that production will increase for so many products at the same time."

"And if these forecasts are realized, 2021-'22 will see the largest total volume of agricultural commodities Australia has ever produced," Dr Greenville said. "There is

uncertainty how long prices will remain at these levels - and supply chain disruptions, higher fertilizer prices and heavy rainfall domestically will continue to be watch points."

Dr Greenville said the forecast included substantial rainfall and localized flooding in East Coast growing regions in November which would delay harvests and result in some crop losses, but was "unlikely to reduce national harvest tonnage significantly" although there could be an impact on grain quality.

The Abares Agricultural Commodities: December Quarter report is available at:

<https://www.awe.gov.au/abares/research-topics/agricultural-outlook/agriculture-overview>.

## COBRAM ESTATE OLIVES

Cobram says it has raised \$50 million in a "fully underwritten" placement at \$2.00 a share and hopes to raise up to \$1 million more through a share plan at the same price.

Cobram said the proceeds would be used to buy 177 hectares (438 acres) of land and develop olive groves in California, upgrade and expand olive milling facilities at Boort, Victoria - an investment that would "almost triple [its] olive milling capacity... at Boort".

The company said that "increasing the supply of Californian produced olive oil will allow [us] to drive packaged goods sales at retail and replicate its Australian success in the world's largest olive oil import market which is continuing to rapidly grow".

Cobram chair Rob McGavin said that "over time, the US offers tremendous opportunities for us to replicate the success of our Australian business, with further development of our grove acreage in California needed to support the strong growth of our US packaged good sales, in particular through our Cobram Estate California range".

The company said that as part of the placement, four of its directors would "sell a small portion of their shareholdings, primarily to repay loans to the company and fund tax and debt obligations", but that "the directors [were] fully committed to the company and [would] remain some of its largest shareholders".

Cobram said that the record date for the share plan was December 3, it would open on December 13, 2021 and close on January 5, 2022.

The company said that Barrenjoey Markets and Aitken Murray Capital Partners were the co-lead managers and underwriters.

Cobram said that concurrent with the placement, joint chief executive officers Sam Beaton and Leandro Ravetti and directors, Tim Jonas and Paul Riordan sold a total of 7.75 million shares and "none ... have any intentions of selling any further shares".

Cobram was up five cents or 2.5 percent to \$2.07.

### EPSILON HEALTHCARE

Epsilon says it has raised \$2.9 million in a placement at nine cents a share, a 14.6 percent discount to the 10-day volume weighted average price to December 6, 2021.

Epsilon said that subject to shareholder approval, the professionals and sophisticated investors led by CPS Capital would receive one option for every two shares subscribed, exercisable at 15 cents each within three years.

Epsilon said the funds would be used to expand production at the Southport, Queensland facility, expand its Tetra Health clinics network and provide additional working capital.

Epsilon said CPS Capital was the lead manager for the capital raising and subject to shareholder approval would receive about 16.11 million placement options.

Epsilon was unchanged at 9.1 cents with 1.5 million shares traded.

### SYNLAIT MILK

Synlait says it will work with the New Zealand Government, Danone and Agresearch on a five-year project comparing standard and regenerative agriculture on soil health.

Synlait said the New Zealand Government's Sustainable Food and Fibre Futures Fund would provide \$NZ2.8 million (\$A2.7 million) to the project, while it and the Paris-based Danone would contribute \$NZ1 million (\$A962,213) each.

The company said that two paddocks on each of 10 farms would compare the outcomes of conventional and regenerative agricultural practices on soil health, with the regenerative group focused on greater pasture diversity and reduced nitrogen fertilizer use.

Synlait said farmers on the properties would be aided in sampling, testing and modelling by Agresearch scientists, who would gather independent research and report its findings.

Agresearch soil scientist Dr Nicole Schon said the study aimed "to provide information for farmers throughout New Zealand on how to measure soil health and how we can better manage our soils".

"There is a lot of anecdotal evidence around the impacts of regenerative practices, and there is a lot of discussion on this topic," Dr Schon said. "Part of the research will look at how regenerative practices impacts soil health."

Synlait said that some initial assessments on soil health had already been made, and the trials were expected to begin in early 2022.

Synlait was up eight cents or 2.5 percent to \$3.28.

### WIDE OPEN AGRICULTURE

Wide Open says it has appointed MKMI General Trading as its exclusive distributor of its oat milk in three Gulf States, with minimum purchases of \$150,000 a year.

Wide Open said that under the two-year agreement, MKMI would distribute the oat milk in the United Arab Emirates, Saudi Arabia and Kuwait.

The company said MKMI "believes there is potential for additional purchases beyond this minimum amount and expects strong interest and uptake from the region".

Wide Open said it expected initial sales to begin by April 2022 and that discussions with additional distributors were "advancing".

The company said that the Middle East alternative dairy market was estimated to grow at a compound annual growth rate of 12.5 percent to reach \$2.8 billion by 2026.

Wide Open said that consumers in the United Arab Emirates and the wider Middle East had "shifted toward plant milk which is considered a healthier alternative to dairy" with plant milk increasing in the Emirates "by up to 50 percent" in 2020.

Wide Open Agriculture was up one cent or 1.4 percent to 74 cents.

## MEMPHASYS

Memphasys says with Monash IVF (in-vitro fertilization) group, it will conduct a 104-couple trial of its Felix sperm separation device.

Memphasys said the trial would take place at four sites across New South Wales and Victoria with Mobius Medical appointed as its contract research organization.

The company said the aim of the study was to “statistically prove the Felix system is not inferior to either of the current commercial sperm separation techniques” such as discontinuous gradient centrifuge (DGC) and “swim-up”, which were used to prepare sperm for intra-cytoplasmic sperm injection, a common in-vitro fertilization procedure. Memphasys said the trial would be a ‘sibling split’ and blinded study, where half of the harvested eggs would be fertilized with sperm processed by the Felix system and the other half would be fertilized by sperm processed by either the DGC or the swim-up technique, with an equal split between DGC and swim up.

Memphasys said enrolment was expected to begin in March 2022 with the trial expected to be completed by the end of 2022.

Memphasys chair Alison Coutts said the study was “an important milestone on the path to securing regulatory approval in Australia and, subsequently, in key markets such as the US”.

“We have already sold a Felix system to a Chinese [key opinion leader] site for research purposes and this trial should accelerate interest in further research sales in the future,” Ms Coutts said.

“It will also supplement the current commercialization of the Felix system in markets with lower regulatory hurdles where sales can occur now, such as Japan, India, Canada and New Zealand,” Ms Coutts said.

Memphasys was up 0.1 cents or one percent to 9.7 cents.

## AUSCANN GROUP (MERGED WITH CANNPAL)

Auscann says the US Food and Drug Administration has confirmed that its marijuana-based CPAT-01 program for dogs with osteoarthritis is “consistent with its expectations”. In October, Auscann said it requested a meeting with the US Food and Drug Administration’s Centre for Veterinary Medicine for CPAT-01 for pain relief in dogs with osteoarthritis (BD: Oct 18, 2021).

Today, the company said the Centre for Veterinary Centre “confirmed that the development program and strategy for CPAT-01 IS consistent with its expectations and were highly engaged in the meeting”.

Auscann said a memorandum of conference with formal guidance from the meeting would be provided within 45 days, and based on the feedback from the agency, the company “is confident that there is a predictable pathway to approval for CPAT-01”.

Auscann chief executive officer Layton Mills said the company was “delighted with the positive feedback, engagement and encouragement from the FDA-CVM at our [pre-submission] meeting and are rapidly moving forward with our ... program to support the registration of CPAT-01 in the US”.

“The veterinary pain and inflammation market is worth over \$US1 billion globally, and we believe a registered cannabinoid-based veterinary medicine in the US would have the potential to become a blockbuster animal health product,” Mr Mills said.

Auscann was up 0.1 cents or 1.2 percent to 8.5 cents.

### WELLNEX LIFE (FORMERLY WATTLE HEALTH AUSTRALIA)

Wellnex says that, with the Australian Dairy Nutritionals Group it will launch an Australian organic A2 milk infant formula range in January 2022.

Wellnex said the 50-50 joint venture would establish a new company, Newco, would be established and would be jointly owned by both companies.

The company said the milk would be manufactured by Melbourne's Australian Dairy Nutritionals Group in Camperdown, while Wellnex was responsible for sales and distribution in Australian retail and pharmacy shops and aimed to expand the range to retail grocers.

Wellnex said Australian Dairy Nutritionals would have the exclusive right to distribute the A2 infant formula offshore and would pay up to \$500,000 in royalties over three years.

Wellnex was up 0.6 cents or 7.1 percent to 9.1 cents.

### ROOTS SUSTAINABLE AGRICULTURE

Roots has requested a trading halt "pending an announcement in relation to a capital raising".

Trading will resume on December 13, 2021, or on an earlier announcement.

Roots last traded at 0.8 cents.

### PALLA PHARMA

Palla Pharma has told the ASX that it is not aware of any information it has not announced which, if known, could explain the recent trading in its securities.

The ASX said the company's share price fell 14 cents or 41.2 cents from a high of 34 cents yesterday, on December 8, to a low of 20 cents, today, December 9, 2021.

Palla told the ASX that "some, but not all of the recent trading in its securities may be as a result of a shareholder seeking to realize its investment following a change in portfolio manager".

The company said that "given the generally small number of shares traded, any sale by a shareholder of a sizeable parcel of shares could have a material impact on the price at which shares trade".

According to Commsec data, 20 cents is Palla's lowest share price since 2016.

Palla was unchanged at 29.5 cents.

### CANN GROUP

Cann says it has received \$2,186,538 from the Australian Tax Office under the Federal Government Research and Development Tax Incentive program.

Cann said the tax incentive related to research and development expenditure for the year to June 30, 2021.

Cann was up half a cent or 1.7 percent to 29.5 cents.

### TERRAGEN HOLDINGS

Terragen says it will release from ASX escrow 9,930,189 shares and 1,980,000 options expiring on December 11, 2022 on December 15, 2021.

According to its most recent filing, Terragen will have 193,049,235 shares available for trading following the release from escrow.

Terragen fell two cents or 8.7 percent to 21 cents.

### ELDERS

Blackrock and its related bodies say they have increased their substantial shareholding in Elders from 7,865,010 shares (5.02%) to 9,431,308 shares (6.02%).

The New York-based Blackrock said that it bought and sold shares between October 28 and December 6, 2021 at prices ranging from \$11.15 to \$12.44.

Elders fell 22 cents or 1.9 percent to \$11.33 with 859,109 shares traded.

### COSTA GROUP HOLDINGS

Perpetual says it has increased its substantial shareholding in Costa Group from 61,320,951 shares (13.20%) to 67,771,650 shares (14.59%).

The Sydney-based Perpetual said that between November 26 and December 2, 2021, at prices ranging from \$2.72 to \$2.96.

Costa fell two cents or 0.7 percent to \$2.83 with 1.1 million shares traded

### ELIXINOL GLOBAL

Elixinol director Paul Benhaim and Raw with Life Pty Ltd say their 29,523,008 shares in the company have been diluted from 9.42 percent to 9.35 percent.

Elixinol fell 0.3 cents or 3.6 percent to eight cents.

### ANATARA LIFESCIENCES

Anatara says it has appointed Simon Erskine chief development officer, and Michael Pryor head of business development and marketing communications.

Anatara said that Mr Erskine had more than 10 years' experience in biotechnology and in-vitro diagnostic technology, having worked for Genetic Signatures and Speedx.

The company said that Mr Pryor had more than 20 years marketing, sales, and account management experience in the pharmaceutical sector, previously Menarini Group commercial manager.

Anatara was up half a cent or 3.6 percent to 14.5 cents.