

# Ag & Vet Weekly



Monday November 29 – Friday December 3, 2021

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

- \* **ASX UP, AVW-42 DOWN: TASFOODS UP 5%; CRESO DOWN 8%**
- \* **WIDE OPEN \$20m PLACEMENT, SHARE PLAN FOR \$2m MORE**
- \* **MGC RAISES \$10m**
- \* **ABARES: RECORD WINTER CROP PRODUCTION FORECAST**
- \* **FONTERRA FARMGATE MILK PRICE UP-TO \$8.65kg/MS**
- \* **MEMPHASYS COMPLETES SAMSON SPERM DATA COLLECTION**
- \* **PHARMAUST MANUFACTURES 2k SMALL MONEPANTEL TABLETS**
- \* **CRESO: CANADA HALUCENEX PSYCHEDELICS LICENCE 'UPGRADE'**
- \* **EPSILON, VALENS DEAL EXTENDED 2 MONTHS**
- \* **CANN SWAPS ZALM SHARES FOR RUA SHARES**
- \* **NANOLLOSE AGM: 16.5% OPPOSE 1m DIRECTORS' OPTIONS**
- \* **OCEAN GROWN AGM: 13% OPPOSE COMPANY NAME CHANGE**
- \* **PERPETUAL TAKES 6% OF A2 MILK**
- \* **BLACKROCK BELOW 5% OF A2 MILK**
- \* **PERPETUAL TAKES 13.2% OF COSTA GROUP**
- \* **LAZARD BELOW 5% OF COSTA**
- \* **LAZARD REDUCES TO 7.6% OF RIDLEY**
- \* **SEAFARMS LOSES DIRECTOR CHRIS MITCHELL**
- \* **SELECT HARVESTS APPOINTS TRAVIS DILLON DIRECTOR**
- \* **GOODBYE OCEAN GROWN ABALONE, HELLO RARE FOODS AUSTRALIA**

## MARKET REPORT

The Australian stock market was up 0.22 percent on Friday December 3, 2021, with the ASX200 up 16.0 points to 7,241.1 points.

Thirteen of the AVW-42 stocks were up, 18 fell, nine traded unchanged and two were untraded.

Tasfoods was the best, up 0.5 cents or 5.3 percent to 10 cents, with 1.1 million shares traded. Food Revolution climbed 4.2 percent; Nanollose and Ocean Grown were up more than three percent; Althea and MGC rose more than two percent; Botanix, Cann Group and Wellnex were up more than one percent; with Clover, Cobram, Nufarm and Synlait up by less than one percent.

Creso led the falls, down 0.8 cents or eight percent to 9.2 cents with 12.9 million shares traded. Seafarms lost 5.6 percent; Ecofibre fell 3.7 percent; Auscann, Fonterra, Select Harvests and Wide Open shed two percent or more; A2, Bubs, Costa, Elixinol, Memphasys and Murray Cod were down one percent or more; with Apiam, Bega, Clean Seas, Elders and Tassal down by less than one percent.

## WIDE OPEN AGRICULTURE

Wide Open says it has commitments to raise \$20 million in a placement at 75 cents a share, and hopes to raise a further \$2 million in a share purchase plan.

Wide Open said the offer price was a 7.2 percent discount to the 10-day volume-weighted average price and the proceeds would be used to fund the construction of a new oat milk plant in South Australia, accelerate the capacity of its pilot-scale functional lupin protein facility for the production of oat milk, sales and marketing and general working capital.

The company said that the record date for the share purchase plan was November 26, with the offer opening on December 6 and closing on December 17, 2021.

The company said that Euroz Hartleys and Canaccord Genuity (Australia) were joint lead managers and bookrunners for the placement.

Wide Open fell 1.5 cents or two percent to 75 cents.

## MGC PHARMA

MGC says it has raised GBP5.5 million (\$A10.2 million) in a share placement at 2.0 pence (3.8 Australian cents) a share.

MGC said the share price was a 13 percent discount to the London Stock Exchange closing price on November 29, 2021.

The company said the funds would be used for Cimetra applications and trials, the Malta production facility, costs of Cimetra dosing trials and Cannepil trials and general working capital.

MGC said Turner Pope Investments was the lead manager and bookrunner for the placement and it would pay Turner Pope a fee of GBP15,000, six percent of the funds received in cash and the equivalent of four percent of the funds in options, exercisable at 2.0 pence each.

MGC was up 0.1 cents or 2.6 percent to four cents with 1.5 million shares traded.

## THE BUREAU OF AGRICULTURAL AND RESOURCE ECONOMICS AND SCIENCES

The Bureau of Agricultural and Resource Economics and Sciences says the winter crop is expected to be a record 58.4 million tonnes with late rain impacting harvests.

In September, Abares said the winter crop was expected to fall two percent to 54.8 million tonnes, with mice adding to costs (AVW: Spe 10, 2021).

This week, Abares executive director Dr Jared Greenville said the December Australian Crop Report forecast 2021-'22 winter crop production to reach a record 58.4 million tonnes following favorable growing conditions over spring.

"The national record is driven by expected all-time high production in Western Australia and the second highest on record in New South Wales [with] production in other states ... well above average," Dr Greenville said. "This reflects favorable growing conditions over spring which have helped to boost already high production prospects at the end of winter." Dr Greenville said that record production of wheat at 34.4 million tonnes and canola at 5.7 million tonnes was expected, with barley production forecast to be the second highest on record at 13.3 million tonnes.

Dr Greenville said that heavy rainfall in November had delayed the harvest of winter crops across New South Wales and Queensland "likely leading to a fall in grain quality in unharvested crops".

"Flooding in northern and central parts of New South Wales has also resulted in production losses for some producers, but this is not expected to significantly affect state totals," Dr Greenville said.

He said that increased baiting on farms during winter and spring had reduced mouse populations and there had been no reports of significant damage.

"A La Niña event became established in the tropical Pacific during November, increasing the chance of above average rainfall across much of northern and eastern Australia during summer," Dr Greenville said.

"This above average rainfall outlook for New South Wales and Queensland, coupled with well above average rootzone soil moisture levels, may lead to further quality downgrades and some crop losses due to flooding, limited paddock access to complete winter harvest activities, and complete summer planting programs," Dr Greenville said.

"The area planted to summer crops in 2021-'22 is forecast to increase by 36 percent to reach 1.4 million hectares, due to favorable soil moisture levels in late spring and high water storage levels," Dr Greenville said.

"The area planted to cotton is expected to increase the most, driven by better returns to cotton compared to other summer crops," Dr Greenville said.

The Australian Crop Report has been posted to the Abares website and is available at: [https://daff.ent.sirsidynix.net.au/client/en\\_AU/search/asset/1032941/0](https://daff.ent.sirsidynix.net.au/client/en_AU/search/asset/1032941/0).

## FONTERRA SHAREHOLDERS' FUND

Fonterra says it has increased its 2021-'22 forecast farmgate milk price range to \$NZ8.40 to \$NZ9.00 (\$A8.07 to \$A8.65) per kilogram of milk solids (kg/MS).

In October, Fonterra said it increased its 2021-'22 forecast farmgate milk price range to \$NZ7.90 to \$NZ8.90 (\$A7.59 to \$A8.55) kg/MS (AVW: Oct 29, 2021).

Today, the company said the midpoint was increased to \$NZ8.70, with earnings guidance revised to 25 to 35 NZ cents per share from 25 to 40 NZ cents per share.

Fonterra chief executive officer Miles Hurrell said a higher forecast farmgate milk price "at this level can put pressure on our margins and therefore our earnings, which is why we've reduced the top end of our earnings guidance".

Fonterra fell eight cents or 2.3 percent to \$3.42 with seven shares traded.

### MEMPHASYS

Memphasys says that data on 240 mare inseminations has been collected for its Samson stallion sperm quality test, with results expected by April 2022.

Memphasys said the data was collected from two equine studs during the horse breeding season in October and November 2021 with data on the mare and the pregnancy outcome being collated.

The company said the University of Newcastle was analyzing the field trial data combined with pregnancy outcome and previous individual mare and stallion breeding statistics to determine the accuracy of the device in predicting mare pregnancy.

Memphasys said that if a positive correlation was achieved, a Samson pregnancy prediction algorithm for the specific stallion and mare pairing would be developed and a final commercial device would be built for use in the next breeding season.

Memphasys fell 0.1 cents or 1.1 percent to 9.2 cents with 1.1 million shares traded.

### PHARMAUST

Pharmaust says it has completed manufacturing 2,000 smaller sized non-good manufacturing practice monepantel tablets.

Pharmaust said the tablets were for planned motor neuron disease and Covid-19 clinical trials and had been shaped to make them easier to swallow.

Pharmaust was unchanged at 9.4 cents.

### CRESO PHARMA

Creso says Health Canada has upgraded subsidiary Halucenex Life Sciences' controlled drugs and substances dealer's licence to include production and packaging.

In August, Creso said Health Canada has approved a controlled drugs and substances dealer's licence for Halucenex (AVW: Aug 20, 2021).

Today, the company said Halucenex now possessed the "most extensive license in regards to Controlled Drugs and Substances that can be awarded by Health Canada, which is anticipated to be a major competitive advantage, with all five possible licence categories now granted".

Creso fell 0.8 cents or eight percent to 9.2 cents with 12.9 million shares traded.

### EPSILON HEALTHCARE (FORMERLY THE HYDROPONICS CO)

Epsilon says the Kelowna, British Columbia-based Valens Canada has agreed to extend their binding heads of agreement to January 31, 2022.

In September, Epsilon said it had a partnership with Valens Canada and received its first order worth \$540,000 for the use of its Southport Queensland marijuana manufacturing facility (AVW: Sep 10, Sep 24, 2021).

Today, the company said it extended the deadline for the definitive agreement from November 30, 2021 to January 31, 2022.

Epsilon was unchanged at 10.5 cents.

### CANN GROUP

Cann says it will sell its 8.36 percent interest in Zalm Therapeutics to New Zealand's Rua Biocience for Rua scrip.

Cann said that the Gisborne, North Island-based Rua marijuana company would acquire Zalm for \$NZ10 million in scrip.

The company said that Rua would pay "a premium to Cann's carrying value of its investment in Zalm", but did not specify the magnitude of the premium.

Cann said Rua would issue shares in three tranches, with one-third on completion of the transaction and the remaining shares conditional on Zalm achieving production, pricing and regulatory milestones by December 30, 2022 and March 31, 2024 respectively.

The company said the milestones related to its supply of marijuana products to Rua for sale in Germany, under the existing arrangements in place between Cann and Zalm.

Cann said that chief executive officer Peter Crock and chair Allan McCallum would step down as Zalm directors, with Mr Crock and chief operating officer Shane Duncan joining the transition advisory board.

The company said that the master supply agreement and the technical services agreement between Cann and Zalm would remain in place.

Cann was up 0.5 cents or 1.7 percent to 30 cents.

### NANOLLOSE

Nanollose says all resolutions to its annual general meeting were passed but it faced up to 16.5 percent opposition on the issue of directors' options.

Nanollose said that opposition to the issue of 500,000 options to Mr Willesee, exercisable at 12.12 cents within three years, faced 5,575,732 votes (16.49%) against, with 28,243,048 votes (83.51%) in favor.

The company said a similar resolution seeking to issue 500,000 options director Terence Walsh was approved by a wider margin, and that all other resolutions, including the remuneration report, the re-election of Mr Willesee, the ratification of the issue of 1,000,000 options exercisable at 15 cents to operations and quality manager Boon Tan, and the approval of the 10 percent placement capacity passed more easily.

According to Nanollose's most recent filing, the company has 148,886,368 shares on offer, meaning that the opposition to Mr Willesee's options amounted to 3.74 percent of the company, not sufficient to requisition an extraordinary general meeting.

Nanollose was up 0.3 cents or 3.1 percent to 10 cents.

### OCEAN GROWN ABALONE

Ocean Grown says all annual general meeting resolutions were passed but it faced 13 percent opposition to the name change to Rare Foods Australia (AVW: Oct 25, 2021).

Ocean Grown said that the name change was opposed by 10,549,875 votes (13.07%), with 70,178,136 votes (86.93%) in favor.

Ocean Grown said that all other resolutions including the remuneration report, the re-election of directors Peter Harold and Bradley Adams, the 10 percent placement capacity, the issue of performance rights to Mr Adams, and the issue of options to Mr Harold and Danielle Lee, all passed more easily.

According to Ocean Grown's most recent filing, the company had 200,742,780 shares on offer, meaning that the opposition to the proposed name change amounted to 5.26 percent of the company, sufficient to requisition extraordinary general meetings.

Ocean Grown was up 0.3 cents or 3.8 percent to 8.2 cents.

### A2 MILK CO

Perpetual says it has increased its substantial share-holding in A2 Milk from 37,687,348 shares (5.07%) to 45,389,774 shares (6.10%).

The Sydney-based Perpetual said that it bought the shares in more than 850 trades between September 28 and November 29, 2021, at prices ranging from \$5.77 to \$7.42 a share.

A2 Milk fell eight cents or 1.4 percent to \$5.57 with 4.6 million shares traded.

### A2 MILK

Blackrock and its related bodies say they have reduced their shareholding in A2 Milk from 46,398,814 shares (6.248%) to 36,952,606 shares (4.970%).

The New York-based Blackrock said that it bought, sold and transferred shares between December 10, 2020 and November 30, 2021, in 69 pages of trades at prices ranging from \$NZ14.20 (\$A13.32) to \$NZ5.48 (\$A5.26).

### COSTA GROUP HOLDINGS

Perpetual says it has increased its substantial shareholding in Costa Group from 56,455,051 shares (12.16%) to 61,320,951 shares (13.20%).

The Sydney-based Perpetual said that between September 9 and November 25, 2021, it bought 4,865,900 shares at prices ranging from \$2.92 to \$3.25.

Costa fell five cents or 1.8 percent to \$2.69 with 2.4 million shares traded.

### COSTA GROUP HOLDINGS

Sydney's Lazard Asset Management says it has reduced its substantial shareholding in Costa to below the five percent substantial mark.

In two separate announcements, Lazard said it reduced its shareholding from 27,405,273 shares (6.24%) to 23,398,971 shares (5.04%) and then sold a further 939,469 shares.

Lazard said between July 30 and November 29, 2021, it bought and sold shares, with the single largest sale 3,466,313 shares for \$10,329,613 or \$2.98 a share and sold 939,469 shares for \$2,702,041.80 or \$2.88 a share on November 30, 2021.

Ag & Vet Weekly calculates that Lazard retains 22,459,502 shares, or 4.8 percent of the company.

### RIDLEY CORPORATION

Sydney's Lazard Asset Management Pacific Co says it has reduced its substantial shareholding in Ridley from 29,375,176 shares (9.25%) to 24,354,603 shares (7.62%).

Lazard said that it bought and sold shares between August 18, 2020 and November 29, 2021, with the single largest sale on November 29, 2021 of 4,407,357 shares for \$10,799,683 or \$2.45 a share.

In the week to November 29, 2021, Ridley traded between \$1.32 and \$1.375.

No one from Lazard was available to comment on the prices.

Ridley was unchanged at \$1.35.



### SEAFARMS GROUP

Seafarms says that 13-year director and head of Project Sea Dragon Chris Mitchell has resigned, effective from November 30, 2021.

Seafarms said it acknowledged the work Mr Mitchell “provided throughout his tenure and wish him every success for the future”.

The company previously said that Project Sea Dragon was a \$410 million expansion of its black tiger prawn farming operation (BD: Oct 15, 2021)

Seafarms fell 0.2 cents or 5.6 percent to 3.4 cents with 6.1 million shares traded.

### SELECT HARVESTS

Select Harvests says that it has appointed Travis Dillon as a director.

Select Harvests said that Mr Dillon was previously Ruralco’s managing-director, where he “played a major role in the sale ... to Nutrient”.

The company said that Mr Dillon was currently the chair of Clean Seas Seafood and Terragen.

Select Harvests fell 16 cents or 2.55 percent to \$6.11 with 435,474 shares traded.

### OCEAN GROWN ABALONE

Ocean Grown says that from Tuesday December 7, 2021 it will trade under the name Rare Foods Australia and the ASX code RFA (see above).

Ocean Grown said its core business remained ocean farming but the name change reflected a strategy “to diversify and pursue margin growth”.