

# Ag & Vet Weekly



Monday May 9 – Friday May 13, 2022

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

- \* **ASX UP, AVW-42 EVEN: BOTANIX UP 18.5%; MEMPHASYS DOWN 7%**
- \* **FONTERRA MAXIMUM FARMGATE MILK PRICE DOWN TO \$8.61/kgMS**
- \* **AUSTRALIAN AGRICULTURAL PASTORAL PROPERTY WORTH \$1.17b**
- \* **CANNATREK RAISES \$13m FOR MARIJUANA; JOSH LUDSKI DIRECTOR**
- \* **WELLNEX HOPES TO RAISE \$7.5m FROM CONVERTIBLE NOTES**
- \* **PHARMAUST TAKES DOG LYMPHOMA TRIAL TO THE US**
- \* **CRESO: HEALTH CANADA APPROVES PSILOCYBIN IMPORT**
- \* **MGC: SLOVENIA PATENT FOR CANNEPIL**

## MARKET REPORT

The Australian stock market climbed 1.93 percent on Friday May 13, 2022, with the ASX200 up 134.1 points to 7,075.1 points. Sixteen of the AVW-42 stocks were up, 16 fell nine traded unchanged and one was untraded.

Botanix was the best, up 1.2 cents or 18.5 percent to 7.7 cents, with 1.9 million shares traded.

Elixinol and Terragen climbed more than 12 percent; both Althea and Cann Group were up 8.3 percent; Clean Seas improved 5.3 percent; Sustainable Nutrition was up 3.85 percent; Cobram, Next Science and Nufarm rose more than two percent; Auscann, Bega, Select Harvests and Tassal were up more than one percent; with Costa and Elders up by less than one percent.

Memphasys led the falls, down 0.4 cents or 7.3 percent to 5.1 cents, with 616,191 shares traded. Clover fell 4.4 percent; Epsilon and Food Revolution lost more than three percent; Bubs, Fonterra, Murray Cod, Nanollose, Synlait, Wellnex and Wide Open shed two percent or more; A2, Pharmaust and Tasfood were down more than one percent; with Apiam and Australian Agricultural down by less than one percent.

### FONTERRA SHAREHOLDERS' FUND

Fonterra says it has decreased its 2021-'22 forecast farmgate milk price range to \$NZ9.10 to \$NZ9.50 (\$A8.25 to \$A8.61) per kilogram of milk solids (kgMS).

In February, Fonterra said it increased its 2021-'22 forecast farmgate milk price range to \$NZ9.30 to \$NZ9.90 (\$A8.70 to \$A9.26) kgMS (AVW: Feb 25, 2022).

Today, the company said that the midpoint of the range, from which farmers were paid, was reduced from \$NZ9.60/kgMS to \$NZ9.30/kgMS (\$A8.43).

Fonterra chief executive officer Miles Hurrell said that the change in the forecast was due to "recent events which have resulted in short-term impacts on global demand for dairy products" and included the lockdowns in China, economic crisis in Sri Lanka and the Russia-Ukraine conflict.

"While the long-term outlook for dairy remains positive, and we expect global demand and supply to be more balanced over the rest of the year, we have seen these short-term impacts flow through into pricing on the Global Dairy Trade (GDT) platform," Mr Hurrell said.

"For example, average prices for whole milk powder, a key driver of the milk price, have decreased by 18 percent over the past four GDT events," Mr Hurrell said.

"This will be disappointing for our farmers, but the change in global dairy prices is coming off record high levels," Mr Hurrell said.

"At a midpoint of \$NZ9.30 per kgMS, this would continue to be the highest forecast farmgate milk price in the co-op's history and would see us contribute almost \$NZ14 billion into New Zealand's economy through milk price payments, which supports the wellbeing of our local communities," Mr Hurrell said.

Fonterra fell five cents or two percent to \$2.50.

### AUSTRALIAN AGRICULTURAL CO

Australian Agricultural says a revaluation of its pastoral property has increased its pastoral portfolio by about \$250 million, to about \$1.17 billion at March 31, 2022.

Australian Agricultural said that the revaluation followed an independent valuation report prepared by the Melbourne-based LAWD (land, agri-business, water, development) Pty Ltd real estate agency and advisory firm and was subject to audit finalization.

Australian Agricultural fell one cent or 0.6 percent to \$1.77 with 1.2 million shares traded.

### CANNATREK

Cannatrek says it has raised \$13 million to grow marijuana in Shepparton, Victoria, in a capital raising led by River Capital at an undisclosed price.

In April, Cannatrek said it had plans to build a marijuana farm in Lemnos in Shepparton, including a 1.5-hectare (15,000m<sup>2</sup>) outdoor grow area with the capacity for five to 10 tonnes of dried marijuana flower a year, and a 1.5-hectare glasshouse with the potential to expand up to 16 hectares (160,000m<sup>2</sup>) (AVW: Apr 14, 2022).

Today, the company said that the strong participation from existing investors would enable it to progress this development, with funds to be used for expanded sales to build its staff.

Cannatrek said the capital raising included a sell-down from an existing shareholder, and River Capital's Josh Ludski would join the company's board.

Cannatrek chief executive officer Tommy Huppert said the funding "would provide important capital for the company's growth plans, as well as value-adding strategic and corporate input at the board-level".

Cannatrek is a public unlisted company

### WELLNEX LIFE

Wellnex says it hopes to raise \$7.5 million by issuing secured convertible notes, at nine percent interest, converting at 25 cents a share and maturing in 24 months, Wellnex said that current convertible notes, totalling loans of \$2.4 million, would be redeemed as part of this raise, with the option to note holders to roll into the new note offer which “the majority of existing note holders” had elected to do.

The company said the funds would allow it to enter the over-the-counter medical marijuana market faster and launch a health and ‘wellness’ electronic commerce platform. Wellnex said that it had made the decision to seek funding through a secured convertible note facility rather than a discounted share placement so that no new shares were immediately issued, and shareholders would not “suffer any dilution to their shareholdings, rather new shares would only be issued as a direct result of a future conversion event taking place at a price of 25 cents per share”.

Wellnex said that it maintained the right to redeem the notes within 12 months of their issue and was in line with the July 2023 expiry of the current listed options (WNXO), which on exercise at 20 cents a share “could raise up to \$11.5 million”.

Wellnex fell 0.2 cents or 2.1 percent to 9.5 cents.

### PHARMAUST

Pharmaust says it will expand its trial of monepantel for B-cell dog lymphoma to treat 10 dogs at the Bound Rock-based Heart of Texas Veterinary clinic.

Last year, Pharmaust said that one dog of 24 with naïve B-cell lymphoma had a partial response to monepantel treatment (AVW: Oct 22, 2021).

In November, the company said it would expand its dog lymphoma trial to New Zealand in preparation of a pivotal trial it expected to begin in May this year (AVW: Nov 19, 2021).

This week, Pharmaust said it would send enough monepantel for the treatment of up to 10 dogs according to US Food and Drug Administration pilot program guidelines.

The company said its expansion to the US was in addition to New Zealand, where it recently completed its first 28-day treatment of a dog with B-cell lymphoma “for a successful trial outcome”.

Pharmaust said it was “preparing for a successful [trial] completion and the commencement of a subsequent registration trial”.

The company said that in addition to the monepantel monotherapy trial, eight dogs had been treated post-trial with a combination of monepantel and prednisolone.

Pharmaust said the combination therapy had provided median and average survival times of about 20 weeks, compared to the eight to nine week median and average survival times expected for dogs with B cell lymphoma treated with prednisolone alone.

Pharmaust fell 0.1 cents or 1.1 percent to nine cents.

### CRESO PHARMA

Creso says Health Canada has approved its subsidiary Halucenex Life Sciences importing one kilogram of psilocybe cubensis, equating to 20 grams of psilocybin.

Creso said that Halucenex would import the dried Jamaican grown psilocybe cubensis from Grogenex JA, with the shipment expected by the end of the month.

The company said that it had paid \$C22,750 (\$A25,149) to Grogenex and would pay an additional \$C22,750 when the material had been shipped, with psilocybe cubensis to be used for research and development purposes.

Creso was unchanged at five cents with 4.2 million shares traded.

### MGC PHARMACEUTICALS

MGC says the Slovenia Intellectual Property Office has granted a patent for its Cannepil treatment for drug-resistant epilepsy.

MGC did not disclose the patent title or duration end-date, and had not replied to a query from Ag & Vet Weekly at the time of publication.

The company said that the patent claim related to the formulation, method of manufacture, and capacity for enhancing stability, solubility, and bioavailability of Cannepil's drug delivery system.

MGC was unchanged at 2.2 cents with 4.4 million shares traded.