

Ag & Vet Weekly



Monday June 6 – Friday June 10, 2022

All the news on ASX-listed agriculture and veterinary companies

- * **ASX, AVW-42 DOWN: RARE FOODS UP 14%; SEAFARMS DOWN 13%**
- * **FEDERAL GOVERNMENT, ABARES: RECORD \$65b AG EXPORTS**
- * **RLF SIGNS \$2.4m TOTAL AGREE CAMBODIA DISTRIBUTION**
- * **NANOLLOSE TAKES LEE MATHEWS NULLARBOR TO COPENHAGEN**
- * **BUBS: KROGER, ALBERTSONS US BABY FORMULA DISTRIBUTORS**
- * **MEMPHASYS TO MEET FDA; COVID SLOWS FELIX SALES**
- * **FONTERRA TO BUY-BACK UP-TO \$45m SHARES**
- * **MGC MARIJUANA TRIAL FOR DEMENTIA 'SAFE', TOO SMALL FOR EFFICACY**
- * **TASSAL PLEADS 'RESEARCH REPORT' TO ASX 13% FALL QUERY**
- * **PALLA LIQUIDATORS: 'NOTHING FOR SHAREHOLDERS'**
- * **AVECHO REQUESTS AVEO 'CLEANSING, COURT ORDERS' SUSPENSION**
- * **BLACKROCK BELOW 5% IN A2 MILK**
- * **BLACKROCK BELOW 5% IN ELDERS**
- * **REGAL FUNDS TAKES 5% OF APIAM**
- * **REGAL FUNDS REDUCES TO 5% OF CLEAN SEAS**
- * **REGAL BELOW 5% IN ALTHEA**
- * **JANET CAMERON TAKES 22.3% OF TASFOODS**
- * **REGAL FUNDS REDUCES TO 9.2% OF ELIXINOL**

MARKET REPORT

The Australian stock market fell 1.25 percent on Friday June 10, 2022, with the ASX200 down 87.7 points to 6,932.0 points. Ten of the AVW-42 stocks were up, 24 fell, five traded unchanged and three were untraded.

Rare Foods (Ocean Grown Abalone) was the best, up 0.7 cents or 13.7 percent to 5.8 cents, with 529,783 shares traded. Bubs climbed 9.2 percent; Auscann, Clover, Synlait and Wide Open rose more than two percent; Clean Seas, Fonterra and Pharmaust were up more than one percent; with A2 Milk up by 0.9 percent.

Seafarms led the falls, down 0.2 cents or 13.3 percent to 1.3 cents, with 10.1 million shares traded. Althea lost 13.0 percent; MGC fell 10 percent; Epsilon shed 7.5 percent; Anatara, Avecho and Elixinol were down more than six percent; Ecofibre and Murray Cod lost five percent or more; Botanix, Cobram and Food Revolution fell more than four percent; Nanollose, Nufarm and Select Harvests lost three percent or more; Australian Agricultural, Costa and Creso shed more than two percent; Cann, Elders and Ridley fell more than one percent, with Bega, Next Science and Tassal down less than one percent.

FEDERAL GOVERNMENT

Labor's Federal Minister for Agriculture, Queensland Senator Murray Watt, says agricultural exports will hit a record \$65 billion in value in 2022-'23.

"I'm pleased to report that the latest agricultural commodities report by the Australian Bureau of Agricultural and Resource Economics and Sciences predicts record exports worth \$65 billion in 2022-'23 and a second consecutive year of more than \$80 billion in production," Senator Watt said.

"We are expecting our forestry and fishing sectors also to perform well, with the total value of the four industries forecast to be \$86.2 billion, just below the record result for 2021-'22," Senator Watt said.

A media release from Senator Watt said that the Federal Government was preparing to "tackle labor shortages and biosecurity threats and help farmers derive more value from their produce".

"We want Australia to not only grow the wheat but also make the flour, biscuits and cakes and process and package meat for domestic and international markets," Mr Watt said.

"That's why we will invest \$500 million through our National Reconstruction Fund to encourage farmers to create more food products in Australia, in addition to selling raw commodities overseas," Senator Watt said.

The media release said that Senator Watt would undertake his first farm visits in the Emerald region in Central Queensland, visiting cattle saleyards, a cotton farm, cotton gin and agricultural technology developer Swarmfarm Robotics.

"I've spent a lot of time in Central Queensland - one of the country's most productive agricultural regions - and I wanted to return there to kickstart my term as Agriculture Minister," Senator Watt said.

A media release from the Australian Bureau of Agricultural and Resource Economics and Sciences (ABARES) said the sector would produce \$80.4 billion in commodities "on the back of favorable conditions and high global prices".

ABARES executive director Dr Jared Greenville said that record crop exports were forecast to be worth \$39.8 billion in 2022-'23, with farmers "on track for another exceptional season".

"Exceptionally high grain prices are expected due to poor seasons for major producers overseas and the unfortunate side-effects of Russia's invasion of Ukraine on world grain markets," Dr Greenville said.

"Soaring fertilizer costs and access to farm labor and imported machinery will continue to challenge many Australian farm businesses, but Australia has shown throughout the pandemic that we are a reliable and resilient food producer and exporter," Dr Greenville said.

"While ongoing disruptions to global supply chains are expected to continue to challenge exporters, exports are not expected to be meaningfully restricted," Dr Greenville said.

"The 12 months to March saw a combined monthly average of three million tonnes of wheat, barley and canola shipped abroad to equal records set following the then-record 2016-'17 harvest," Dr Greenville said.

"While Australian producers have been able to benefit from favorable growing conditions over the past few years, longer term risks exist in the form of trade restrictions imposed by many countries in response to rising food prices," Dr Greenville said.

"Trade restrictions increase global price volatility and reduce the confidence countries place in buying food from global markets," Dr Greenville said.

"Reduced confidence in international markets is a concern for Australian producers as they are central to both global food security and the long-term prosperity of Australian agriculture," Dr Greenville said.

RLF (RURAL LIQUID FERTILISERS) AGTECH

RLF says it will expand to Cambodia, with Cambodia's Total Agree to distribute at least \$US1.7 million (\$A2.4 million) of plant nutrition products over five years.

RLF said that it was planning further expansions into South-East Asian, as well as other regions as part of its "wider strategy to bolster food production in emerging markets and increasing distribution and sales around the world".

The company said it hoped "to bolster food production in emerging markets and increasing distribution and sales around the world products to boost crop yields by between 10 percent to 30 percent, reduce the use of traditional fertilisers by up to 20 percent, improve the nutritional content of the food grown and the health of the soil in which it was grown".

RLF managing-director Ken Hancock said the company was "thrilled that our product range is available to the Cambodian farming sector which will assist continued efforts by the agricultural sector in this emerging economy to become more productive while simultaneously guarding against soil degradation and the overuse of traditional fertilisers". "The continued presence of our product range has the potential to bolster food production significantly," Mr Hancock said. "The continued growth in the number of overseas countries selling our products demonstrates that we are successfully delivering on our stated intention to grow our international presence."

"We look forward to informing the market about our continued market penetration and the delivery of other growth initiatives over coming months," Mr Hancock said.

RLF said that the Cambodian agriculture sector was thus valued at more than US\$5 billion in that same year which makes it a prime target for, and a significant beneficiary of, RLF and its products.

The company said that Cambodia's agriculture sector was "crucial to the country's economic fabric given it employs the greatest percentage of the Cambodia's workforce".

RLF said that Cambodia was "an important exporter of agricultural and food products regionally and globally".

RLF was unchanged at 14.5 cents.

NANOLLOSE

Nanollose says it will launch the world-first Nullarbor tree-free lyocell concept garment at the Copenhagen Global Fashion Summit on June 7 to 8, 2022.

Nanollose said the women's knitted top was designed by Sydney's Lee Mathews and was developed with the Mumbai-based Birla Cellulose, before being spun into yarn by the Geelong-based Institute for Frontier Materials at Deakin University.

The company said the process showed that its Nullarbor lyocell fibre integrated "seamlessly with existing industrial equipment to produce high-quality garments".

Nanollose chair Dr Wayne Best said Copenhagen fashion show was "an exciting opportunity for Nanollose to showcase what can be achieved by designers and fashion labels incorporating our forest-friendly Nullarbor fibres ... to this end, Lee Mathews has incorporated several knits into the garment which highlight the properties and versatility of the fibre".

"The Summit is the perfect setting to introduce our new Nullarbor garment, with the event attracting the brightest and most innovative in the fashion industry," Dr Best said.

"With a focus on sustainability and leading positive change, we will have access to a wide audience who set the agenda on the most critical environmental, ethical and social issues facing the industry and look for the solutions to fix them," Dr Best said.

Nanollose fell 0.3 cents or 3.6 percent to 8.1 cents.

BUBS AUSTRALIA

Bubs says the Cincinnati, Ohio-based Kroger and the Boise, Idaho-based Albertsons supermarkets will distribute its infant formula to 4,000 shops in 35 states.

Last week, Bubs said it had committed to supply at least 1.25 million tins of infant formula to the US after the US Food and Drug Administration exercised its discretion authorizing Bubs to import formula products into the US (AVW: Jun 3, 2022).

The company said at that time that the FDA application was in response to the US Government's initiative to address domestic infant formula supply shortages, and its range of formulas met the US nutrient and safety requirements.

Today, Bubs said the first shipment of its formula had arrived in the US via chartered air cargo under the US Government's Operation Fly Formula, and that product was expected in shops by June 20, 2022.

Bubs chief executive officer Kristy Carr said the US supply was "certainly a milestone achievement of which Bubs Family can all be proud".

"We have been working around the clock to ensure we get these critical supplies of infant formula to retail shelves in the US," Ms Carr said.

Bubs said it was "the only Australian-made infant formula available for sale in the US".

Bubs was up 5.5 cents or 9.2 percent to 65 cents with 14.7 million shares traded.

MEMPHASYS

Memphasys says it is preparing for a pre-submission meeting with the US Food and Drug Administration regarding registration of its Felix sperm separation system.

Memphasys said it had been advised that the Felix system would be treated as a novel Class II device, without a predicate device and would require a de novo submission.

The company said that early sales of Felix had been slower than expected due to Covid restrictions slowing in-vitro fertilization clinic activity, with travel restrictions prohibiting "the company's management from conducting sales discussions in person with [key opinion leader] executives."

Memphasys company said that with the easing of restrictions, it was conducting an India-centred sales initiative and had "identified and would soon be appointing a highly experienced sales executive".

Memphasys was unchanged at four cents.

FONTERRA SHAREHOLDERS FUND

Fonterra Co-operative Group says it will allocate up to \$NZ50 million (\$A44.9 million) for an on-market share buy-back program, starting on June 30, 2022.

Fonterra chair Peter McBride said the Co-op "considers the prevailing price particularly since late April has undervalued Fonterra shares, which is a key reason for announcing this buy-back".

The company said that it might acquire shares "at the prevailing market price from time to time" and the program was separate to the allocation of up to \$NZ300 million announced last year to support liquidity.

Fonterra said the maximum number of shares to be acquired over the next 12 months would be 80,667,893 shares or five percent of shares on issue 12 months prior to the acquisition of shares.

Fonterra was up three cents or 1.1 percent to \$2.85.

MGC PHARMA

MGC says a 22-patient, phase II trial of its marijuana Cognicann for dementia treatment showed it was safe but did not demonstrate efficacy.

MGC said the trial initially planned to enrol 50 patients from aged care facilities but due to the restrictions resulting from the Covid-19 pandemic it was only able to enrol 22 patients. The company said the double-blind, cross-over trial was conducted in collaboration with Freemantle's University of Notre Dame and involved eligible patients beginning a six-week treatment course of Cognicann, its delta-9-tetrahydrocannabinol (THC) and cannabidiol (CBD) oral spray, before switching to a six-week course of placebo, with a two-week washout period between the two arms.

MGC said the study's objective was to evaluate the safety and efficacy of Cognicann as well as assess the behavioral benefits of Cognicann on dementia patients measured using evaluation tools including the neuro-psychiatric inventory-nursing homes (NPI-NH) questionnaire, and the Cohen-Mansfield agitation inventory questionnaire.

MGC said that the trial showed that Cognicann had no difference in safety profile compared to placebo, indicating it was safe for use by patients with dementia.

The company said that after 44 days, patients in the placebo group experienced a deterioration in their condition based on their NPI-NH score when compared with patients treated with Cognicann, "indicating that the early-stage use of Cognicann may be beneficial in the treatment of dementia patients".

MGC said that during the study, Cohen-Mansfield aggressive subscale scores of patients in the treatment group improved by 13 percent, compared to the placebo group's four percent improvement.

The company said that over the 44-day trial, the treatment group's Cohen-Mansfield agitation inventory score improved by about 17 percent, from 69 to 57, compared to the placebo group's improvement of about eight percent.

The company said that results from this study would be used to design the next phase of clinical trials for Cognicann.

MGC fell 0.2 cents or 10 percent to 1.8 cents with 1.5 million shares traded.

TASSAL GROUP

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

The ASX said the company's share price fell 47 cents or 12.8 percent from \$3.67 on June 8 to \$3.20 on June 9, 2022 and noted a "significant increase" in trading volumes.

Tassal said the trading might be explained "by an equity research report" in response to its Bell Potter Home Grown Conference presentation, released to the ASX on June 8.

The presentation said that the Tasmanian Government had announced "no further lease space in Tasmanian waterways" and Tassal said that salmon prices "has re-rated" with "little to no salmon supply growth" in 2022 and 2023.

Tassal fell three cents or 0.8 percent to \$3.53 with 360,116 shares traded.

PALLA PHARMA (FORMERLY TASMANIA POPPY INDUSTRIES ENTERPRISES)

Korda Mentha, as liquidators of Palla Pharma, says it does "not expect there will be sufficient recoveries ... to provide a return to shareholders" (AVW: Apr 1, 2022).

Korda Mentha said it expected to pay 100 percent of funds owed to "priority employee creditors" and 21 percent to unsecured creditors.

Palla was commercializing opium products including morphine and codeine.

AVECHO BIOTECHNOLOGY

Avecho has requested its AVEO options be suspended from quotation immediately, “pending the release of a cleansing prospectus and court orders in relation to the options”. The ASX said that Avecho requested the suspension, which “only applies to the quoted options and does not apply to any other quoted securities”.

Avecho fell 0.1 cents or 6.25 percent to 1.5 cents with 3.4 million shares traded.

A2 MILK CO

Blackrock Group says it has ceased its substantial share-holding in A2 Milk, reducing from 37,398,996 shares (5.03%) to 37,092,941 shares (4.99%).

The New York-based Blackrock said that between May 18 and June 2, 2022 it bought, sold and transferred shares, with the largest sale on June 2 of 67,936 shares for \$358,023 or \$NZ5.27 (\$A4.75) a share.

A2 Milk was up four cents or 0.9 percent to \$4.51 with 2.9 million shares traded.

ELDERS

The New York-based Blackrock Group says it has ceased its substantial share-holding in Elders.

On Monday, Blackrock said it reduced its substantial share-holding in Elders from 9,431,308 shares (6.02%) to 7,851,647 shares (5.01%), and in more than 300 transactions between December 7, 2021 and June 2, 2022, it bought, sold and transferred shares in Elders, at prices ranging from \$10.82 to \$14.59 a share.

On Wednesday, Blackrock said that between June 3 and 6 it bought and sold shares at prices ranging from \$13.30 to 13.37 a share, with the single largest sale 25,783 shares at \$13.30 a share.

Elders fell 18 cents or 1.4 percent to \$12.92 with 405,261 shares traded.

APIAM ANIMAL HEALTH

Sydney's Regal Funds Management says it has become a substantial share-holder in Apiam with 7,989,417 shares or 5.13 percent.

Regal said that on June 6, 2022 it bought 4,513,222 shares for \$3,159,255 or 70 cents a share “by virtue of control of Regal Funds Management Pty Ltd”.

On its website, Regal said it had completed its merger with VGI Partners, with the ASX-listed merged entity renamed Regal Partners.

Last week, Apiam said that the institutional component of its rights offer at 70 cents a share had raised \$11.9 million with the retail component expected to raise a further \$8.35 million (AVW: Jun 3, 2022).

Apiam was unchanged at 72 cents.

CLEAN SEAS SEAFOOD

Regal Funds Management says it has reduced its substantial share-holding in Clean Seas from 8,800,583 shares (5.49%) to 8,296,654 shares (5.02%).

Sydney's Regal Funds said that it sold shares between November 17, 2021 and April 29, 2022, with the single largest sale on December 2, 2021 of 159,000 shares for \$91,425 or 57.5 cents a share.

Clean Seas was up one cents or 1.8 percent to 56 cents.

ALTHEA GROUP

Regal Funds Management says it has ceased its substantial holding in Althea, selling 1,156,657 shares.

The Sydney-based Regal said that it sold 1,675,857 shares for \$198,218 or 11.8 cents a share “by virtue of control of Regal Funds Management Pty Ltd”.

On its website, Regal said it had completed its merger with VGI Partners, with the ASX-listed merged entity renamed Regal Partners.

Althea fell 1.2 cents or 13.0 percent to eight cents with 1.4 million shares traded.

TASFOODS

Janet Cameron says she has increased her substantial share-holding in Tasfoods from 78,010,137 shares (19.54%) to 97,295,851 shares (22.26%).

The Sydney-based Ms Cameron said on June 1, 2022 she was issued 19,285,714 shares for \$1,350,000 or seven cents a share, under the second tranche of its partially underwritten \$6 million placement (AVW: Apr 1, 2022).

Tasfoods was untraded at 6.1 cents.

ELIXINOL WELLNESS

Regal Funds Management says it has reduced its substantial share-holding in Elixinol from 31,861,564 shares (10.17%) to 29,005,212 shares (9.17%).

The Sydney-based Regal said it bought and sold shares between February 4, 2021 and May 20, 2022, with the most recent sale on May 20 of 130,000 shares for \$6,149 or 4.73 cents a share.

Elixinol fell 0.2 cents or 6.7 percent to 2.8 cents.