

Ag & Vet Weekly



Monday July 4 – Friday July 8, 2022

All the news on ASX-listed agriculture and veterinary companies

- * **ASX, AVW-42 UP: AUSCANN UP 14%; SEAFARMS DOWN 18%**
- * **BUBS PLACEMENT, INSTO RIGHTS RAISE \$40.1m; RETAIL FOR \$22.9m MORE**
- * **CHARLES DARWIN UNI TRIALS AUSTRALIAN INDIGENOUS RICE**
- * **SYNLAIT INCREASES BASE MILK PRICE 5.6% TO \$8.61/kgMS**
- * **BUBS: FDA POST-OPERATION FLY FORMULA PATHWAY; 180k MORE TINS**
- * **BUBS H-E-B, MEIJER DEALS, 2 US SUBSIDIES**
- * **SELECT HARVESTS TELLS ASX 'VARROA MITE NOT MATERIAL 'TIL LATER'**
- * **CLEAN SEAS BUYS BACK \$239k UNMARKETABLE PARCELS**
- * **BOTANIX EXPEDITES US SOFPIRONIUM BROMIDE NDA; 2 TRIALS ENROLED**
- * **EPSILON, VALENS EXTEND SOUTHPORT MARIJUANA DEAL**
- * **CRESO APPOINTS GOTRO SINGAPORE DISTRIBUTOR**
- * **MGC, CABA TECH WORK ON ZAM HEALTHCARE DATA**
- * **SOUTH AFRICA APPROVES MGC CIMETRA COVID-19 STUDY; IMPORT**
- * **COOKE TAKES 7.6% OF TASSAL**
- * **WALKER, AUCKLAND TRUST INCREASE, DILUTED TO 39% IN NEXT SCIENCE**
- * **WIDE OPEN APPOINTS MATTHEW SKINNER CFO**

MARKET REPORT

The Australian stock market was up 0.45 percent on Friday July 8, 2022, with the ASX200 up 30.0 points to 6,678.0 points. Eighteen of the AVW-42 stocks were up, eight fell, 12 traded unchanged and four were untraded.

Auscann was the best, up 0.6 cents or 14.3 percent to 4.8 cents, with 359,261 shares traded. Nanollose climbed 12.7 percent; Botanix was up 9.4 percent; Elixinol improved 7.1 percent; Cobram and Epsilon were up more than six percent; MGC was up 5.6 percent; Next Science, Pharmaust, Tasfoods and Wide Open Agriculture were up more than three percent; Ecofibre rose 2.2 percent; Elders, Nufarm and Select Harvests were up one percent or more; with Clover, Ridley and Tassal up by less than one percent.

Seafarms led the falls, down 0.3 cents or 17.65 percent to 1.4 cents, with 4.9 million shares traded. Cann Group and Murray Cod lost more than six percent; Australian Agricultural shed 2.5 percent; A2, Bega and Clean Seas were down more than one percent, with Synlait down by 0.3 percent.

BUBS AUSTRALIA

Bubs says it has raised \$32.4 million in a placement, \$7.7 million in an institutional rights offer with a further \$22.9 million from a one-for-10.64 retail rights offer at 52 cents a share. Bubs said the offer price of 52 cents a share was an 18.8 percent discount to the last traded price of 64 cents on July 4, 2022.

The company said the funds would be used for scale-up, group activities, build inventory, pay US operating expenses and expand canning capabilities.

Bubs said the retail rights offer record date was July 7, the offer would open on July 12 and close on July 26, 2022.

The company said the capital raising was underwritten by Sydney's Citigroup Global Markets Australia Pty Ltd and the Bell Potter Securities, with Melbourne's PAC Partners Securities Pty Ltd co-managing the raise.

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

Bubs was unchanged at 55.5 cents with 7.25 million shares traded.

CHARLES DARWIN UNIVERSITY

Charles Darwin University says the Australian Native Rice Project is investigating the potential for commercialization of Australian indigenous rice as a food product.

Charles Darwin University said the project would focus on laying the foundations for commercialization of three species of rice native to the wetlands of the Northern Territory and Queensland, *Oryza rufipogon*, *Oryza meridionalis* and *Oryza australiensis*.

The University said the project would focus on how indigenous rice could be commercialized by indigenous people and businesses.

Charles Darwin University said that its researchers had been collecting rice from Wulna-Limilngan country on the Adelaide River and cultivating it in trials in the University's Casuarina campus nurseries and in demonstration plantings at the Northern Territory Government's Coastal Plains Research Farm.

The University said it would collect samples of wild-grown populations of each species of rice, use controlled trials to develop and validate optimum approaches to cultivating the rice, compare nutritional values of Australian and Canadian indigenous rice species and develop new techniques for milling Australian indigenous rice.

The University said scale-up of cultivation trials would involve indigenous-led co-operative research centres and that lessons from the Canadian indigenous rice industry would be applied to the commercialization of Australian indigenous rice as a high-value product suited for tourism, gourmet food, nutritional supplement, and restaurant markets.

The University's Dr Sean Bellairs said there were many issues that needed research to support commercial development.

"We have developed solutions to germinating the seeds, but are continuing to develop threshing equipment, determining biological control practices for pests, and investigating it's basic agronomy, such as planting density, fertiliser application rates and harvesting techniques," Dr Bellairs said.

The Northern Territory Minister for Agribusiness and Fisheries Paul Kirby said the research was encouraging news for growers.

"Our plant industries are valued at over \$445 million to the economy each year and we know the Territory is one of the best places in the world for the production of agricultural commodities, with Native Rice now showing some real potential," Mr Kirby said.

SYNLAIT

Synlait says it has increased its forecast base milk price for the 2022-'23 season by 5.6 percent from \$NZ9.00 (\$A8.16) to \$NZ9.50 (\$A8.61) per kilogram of milk solids (kgMS). Synlait said there was no change to the forecast base milk price for the year to July 31, 2022, which remained at \$NZ9.30kgMS.

Synlait chief executive officer Grant Watson said that "based on the current dairy commodity prices we believe that \$9.50kgMS is a balanced forecast for the 2022-'23 season".

"The forecasted lift in milk price reflects an improved outlook for 2022-'23 dairy commodity prices, following the recent recovery in pricing, and the current strength of the US dollar," Mr Watson said.

"Over the next two days we'll be meeting with our farmers at annual events in the Waikato and Canterbury and it will be great to share this news with them," Mr Watson said.

Synlait fell one cent or 0.3 percent to \$3.00.

BUBS AUSTRALIA

Bubs says the US will develop a pathway to supply infant formula beyond November, and that it will ship a further 180,000 tins of formula to the US from July 10.

Bubs said the US Food and Drug Administration had committed to developing a framework under which companies which have supplied infant formula to the US on an interim basis under the FDA's temporary enforcement discretion policy would be allowed to supply formula to the US on a business-as-usual basis.

The company said the FDA had indicated it would provide further guidance on the pathway from September.

Bubs said it would provide a further 180,000 tins to be shipped to Ontario, California, and Columbus, Ohio, as part of Operation Fly Formula.

According to its website, Bubs formula retail for \$38.00 to \$39.00 for 800gm tins.

The company said the shipments would depart on July 10, and July 21, 2022, respectively.

BUBS AUSTRALIA

Bubs says H-E-B and Meijer will distribute its infant formula products in the US, worth about \$3 million, and it has secured two US Government subsidies.

Bubs said that H-E-B Grocery Company, a supermarket chain with 340 shops in Texas and with Meijer, a 'super centre' chain with 259 shops in the US Midwest, including Michigan, Illinois, Indiana, Kentucky, Ohio and Wisconsin.

Last month, the company said the US Food and Drug Administration had exercised its discretion for Bubs to import six infant formula products, at least 1.25 million tins, into the US (AVW: Jun 3, 2022).

This week, Bubs said the remainder of its products in the air shipment to the US would be distributed to its existing distributors, including Walmart, Kroger and ABSCO.

Bubs said the US Government had a Special Supplemental Nutrition Program for Women, Infants and Children which provided subsidies for families that require assistance, and that 22 state agencies had authorized its infant formula products, as at June 29, 2002.

The company said that following discussions with relevant authorities, Bubs products would receive tariff concession under the Australia United-States Free Trade Agreement, but did not disclose the financial details of the Special Supplement Nutrition Program or the tariff concession.

SELECT HARVESTS

Select Harvests has told the ASX that it did not consider a New South Wales Varroa mite emergency order material until June 29, 2022.

The ASX said in an 'aware' query, a media release issued on June 26 by the Minister for Agriculture and Western New South Wales said that a state-wide emergency order had been issued to control the movement of bees as a result of the detection of Varroa mites. In the query, the ASX asked Select Harvests if it was aware of the information prior to the release of an announcement on June 29, titled 'Pollination Update', and if so, why did it not release the announcement prior to June 29.

Select Harvests said that it became aware of the media release on June 27, but that based on the information provided in the release, it did not believe at the time that emergency order would have a material effect on its operations.

Select Harvests said that on June 28, it received updated information "relating to a widening of the emergency zone and the extended application of hive standstill order", which prompted it to consider the impact of the widening and the effect of the standstill on more New South Wales hives, as well as potential Victorian beekeeper effects.

The company said at that time it consulted "with its brokers and beekeepers to assess the location and number of hives in NSW and Queensland servicing Victorian orchards".

Select Harvests said that on June 29, after the ASX had opened, it received feedback from its brokers and others, which led to the understanding that the "widening emergency could affect not only [its] NSW orchards, but also a portion of its orchards in Victoria".

Select Harvests said it formed the view that the impact of the emergency could "reasonably be regarded as having a particular impact on [it] that may be different to the impact it would generally have on other entities in the market or ... sector," which led it to release the announcement "promptly and without delay".

Select Harvests was up six cents or 1.2 percent to \$4.97 with 420,868 shares traded.

CLEAN SEAS SEAFOOD

Clean Seas says it has bought back 429,165 unmarketable parcel shares held by 973 investors at an average of 53.5 cents a share, or a total of \$229,603.

Clean Seas said that an unmarketable parcel was deemed to be 833 shares or fewer, representing a total value of less than \$500 (AVW: May 6, 2022).

Clean Seas fell one cent or 1.8 percent to 55 cents.

BOTANIX PHARMACEUTICALS

Botanix says it expects to file its US regulatory application for sofipironium bromide for excessive underarm sweating and complete two trials by October 2022.

Botanix said it had accelerated its new drug application to the US Food and Drug Administration for sofipironium bromide gel 15 percent for primary axillary hyperhidrosis, or excessive underarm sweating, and would be ready to file the application by October.

The company said that as a result of the acceleration of the regulatory timeline, it would commence FDA pre-approval activities and had begun preparing for commercial launch post-FDA approval.

Botanix said both its phase I/II study of its synthetic cannabidiol BTX1702 for rosacea and its pilot study of its synthetic cannabidiol BTX1204A for canine dermatitis were fully enrolled and on track for completion in by October 2022, with subjects due to begin treatment in the coming weeks (AVW: Oct 1, 2021).

Botanix was up 0.6 cents or 14.3 percent to 4.8 cents.

EPSILON HEALTHCARE

Epsilon says it will continue its exclusive partnership with the Valens Company to use its Southport, Queensland marijuana manufacturing plant (AVW: Sep 10, 2021).

In March, Epsilon said it had an exclusive partnership with the Kelowna, British Columbia-based Valens for an initial period of three-months and today said it had an informal extension of the agreements until at least August 1, 2022.

The company said it expected to secure a longer-term relationship.

Epsilon chair Steven Xu said that “working with the Valens Company over the past few months we have been able to continue to ramp up production volumes through the Southport facility”.

Epsilon was up 0.2 cents or 6.25 percent to 3.4 cents.

CRESO PHARMA

Creso says that under a non-binding, non-exclusive heads of agreement Singapore's Gotro Global will market its Sierra Sage Herbs animal healthcare products in Singapore. Creso said that Gotro agreed to progress a collaborative agreement by August 31, 2022, which could be extended by mutual agreement, with the agreement to set out terms for Gotro's distribution of products, as well as further commercialization options.

Creso was unchanged at 4.1 cents with 3.1 million shares traded.

MGC PHARMACEUTICALS

MGC says that the South African Health Products Regulatory Authority has approved its study and importation of Cimetra for a phase IIb dose finding study for Covid-19.

Last year MGC said the first of 252 adult patients had been recruited for its Israel and Brazil randomized, double-blind, placebo-controlled, phase III trial of Cimetra for Covid-19 (AVW: Jul 16, 2021).

MGC was up 0.1 cents or 5.6 percent to 1.9 cents with six million shares traded.

MGC PHARMACEUTICALS

MGC says it will work with Caba Tech to launch Zam, a real-time data collection platform, for use across the pharmaceutical and healthcare sectors.

MGC said the platform would enable improved data collection from patients enrolled in trials and taking its products, improving the accuracy of its trials and dosing of its products.

TASSAL GROUP

Cooke Inc and associates say they have increased their substantial share-holding in Tassal from 11,596,555 shares (5.398%) to 16,324,519 shares (7.599%).

Last week, the Blacks Harbour, New Brunswick, Canada-based Cooke Aquaculture bid \$4.85 a share for Tassal, valuing it at \$1,041,882,728 and said that it held 11,596,555 Tassal shares (5.398%) (AVW: Jul 1, 2022).

At that time, Cooke said that the registered holder of the shares was Amore Foods Pty Ltd, care of Kidder Williams of Collins Street, Melbourne, whose managing-director was David Williams, the former chair of Tassal and the advisor to Cooke Inc.

This week, Cooke and associates said between June 27, 2022 and July 1, 2022 they bought 4,727,964 shares for \$21,681,943 or an average of \$4.585 a share.

Tassal was up one cent or 0.2 percent to \$4.87 with 1.8 million shares traded.

NEXT SCIENCE

Walker Group and Auckland Trust Co say they have increased and been diluted in Next Science from 76,072,938 shares (39.53%) to 83,547,061 shares (38.90%).

In February, Next Science said it had raised \$10 million in a placement at 90 cents a share and in March, it said it had raised \$4.8 million in a share purchase plan at 90 cents a share, taking the total raised to \$14.8 million (AVW: Mar 25, 2022).

This week, Lang Walker as sole shareholder of Walker Group, and Auckland Trust said that between November 20, 2021 and July 4, 2022 they bought 7,474,123 shares for \$7,370,043 or an average of 98.61 cents a share

Next Science was up 2.5 cents or 3.1 percent to 82.5 cents.

WIDE OPEN AGRICULTURE

Wide Open Agriculture says it has appointed Matthew Skinner as its chief financial officer.

Wide Open Agriculture said that most recently, Mr Skinner was London's Intertek Group PLC regional chief financial officer and managing-director.

Mr Skinner's LinkedIn page said he held a Bachelor of Commerce, Accounting and Marketing from the University of New South Wales and a Master of Business Administration from the Paris-based École des Ponts Business School.

Wide Open Agriculture was up two cents or 3.6 percent to 57 cents.