

Ag & Vet Weekly



Monday July 25 – Friday July 29, 2022

All the news on ASX-listed agriculture and veterinary companies

- * **ASX, AVW-42 UP: NEXT SCIENCE UP 13%; EPSILON DOWN 9%**
- * **GOVERNMENT, NSW FARMERS CRITICISE 'FMD POLITICAL POINT-SCORING'**
- * **CLEAN SEAS RECEIPTS UP 50% TO \$67.4m**
- * **FOOD REVOLUTION RECEIPTS UP 9% TO \$36m**
- * **WELLNEX RECEIPTS UP 1,307% TO \$17.9m**
- * **MURRAY COD RECEIPTS UP 36% TO \$13m**
- * **NEXT SCIENCE H1 RECEIPTS DOWN 10% TO \$6m**
- * **RLF RECEIPTS UP 23% TO \$10m**
- * **WIDE OPEN RECEIPTS UP 84% TO \$8.8m**
- * **CANN RECEIPTS UP 371% TO \$6.5m**
- * **MGC RECEIPTS UP 130% TO \$6.1m**
- * **BUBS RETAIL RIGHTS RAISE \$22.9m; TOTAL \$63m**
- * **MGC PAYS \$1.2m SCRIP FOR 40% OF ZAM, \$14.3m MERCER FACILITY**
- * **COSTA BERRY FARMS IN VARROA MITE SURVEILLANCE ZONE**
- * **KORDA MENTHA: PALLA PHARMA TO DELIST ON AUGUST 2**
- * **AUSTRALIAN AGRICULTURAL: AGM 10% OPPOSE CONSTITUTION AMENDMENT**
- * **MEMPHASYS COURT SUSPENSION TO FOLLOW CAPITAL RAISING HALT**
- * **CRESO TAKES CAPITAL RAISING HALT TO SUSPENSION**
- * **TATTARANG, DR ANDREW 'TWIGGY' FORREST TAKE 11.5% OF BEGA**
- * **APIAM M-D DR CHRIS RICHARDS INCREASES, DILUTED TO 22%**
- * **REGAL REDUCES TO 7% OF ELIXINOL**
- * **SYNLAIT RESTRUCTURES; STAFF, DEPARTMENTS GO**
- * **FONTERRA APPOINTS EMMA PARSONS STRATEGY, OPTIMIZATION M-D**

MARKET REPORT

The Australian stock market was up 0.81 percent on Friday July 29, 2022, with the ASX200 up 55.5 points to 6,945.2 points. Seventeen of the AVW-42 stocks were up, nine fell, 12 traded unchanged and four were untraded.

Next Science was the best, up 12.5 cents or 13.1 percent to \$1.08, with 285,055 shares traded. Clean Seas climbed 8.9 percent; Tasfoods improved 7.8 percent; Synlait was up five percent; A2 and Seafarms rose more than three percent; Apiam, Costa, Pharmaust and Ridley were up more than two percent; Botanix, Cann Group, Ecofibre and Nanollose were up more than one percent; with Elders, Tassal and Wide Open up by less than one percent.

Epsilon led the falls, down 0.2 cents or 5.7 percent to 3.3 cents, with 730,175 shares traded. MGC fell five percent; Bubs was down four percent; Althea lost 3.1 percent; Murray Cod and Select Harvests shed more than two percent; Clover was down 1.4 percent, with Bega and Fonterra down by less than one percent.

FEDERAL GOVERNMENT, NEW SOUTH WALES FARMERS DEPARTMENT OF AGRICULTURE, FISHERIES AND FORESTRY

The Federal Labor Government and New South Wales Farmers have criticized “politicians and pundits” stoking outrage about foot and mouth disease (FMD).

New South Wales Farmers biosecurity chair Ian McColl said that foot and mouth disease was “a serious issue that needs unity, not division”.

Over the past two weeks, Federal Opposition Leader Peter Dutton and Liberal National Party Agriculture spokesperson David Littleproud have criticized the Federal Government for not doing enough to prevent the disease entering Australia.

The Department of Agriculture says it was first notified of the outbreak in Indonesia on May 9, 2022, when Mr Dutton was the Federal Government’s Defence Minister and Mr Littleproud was the Minister for Agriculture.

Mr Littleproud’s office sent numerous media release to Ag & Vet Weekly on biosecurity matters, but none mentioned the Indonesian foot and mouth disease outbreak.

The Department of Agriculture, Fisheries and Forestry spokesperson told Ag & Vet Weekly that “the department was advised on May 9 of an outbreak of [foot and mouth disease] in Indonesia”.

The Department said that “biosecurity - and particularly the threat posed by FMD - has been a priority for many years”.

“In line with the increased threat of an active FMD outbreak in Indonesia, existing measures have been strengthened and new measures have been announced to protect Australia from an FMD incursion,” the Department said.

"Australia has strict biosecurity protocols in place to prevent high risk materials, such as contaminated equipment or clothing, animals and animal products, being brought in by travellers who may have been exposed to diseased animals," the Department said.

New South Wales Farmers said that foot and mouth disease was "a highly-infectious disease that could cost Australia \$80 billion ... [and] rightly concerning, but Mr McColl said that "cheap politicking was counter-productive".

The Federal Agriculture Minister Senator Murray Watt said that "the hysteria from David Littleproud and Peter Dutton on this issue is only damaging our agriculture industry".

"Farmers are rightly concerned about the outbreak in Indonesia and the last thing they need is fearmongering from politicians trying to score a cheap point," Senator Watt said.

"David Littleproud had the opportunity to act on this when he was Agriculture Minister when the Indonesian outbreak was announced on May 9," Senator Watt said.

"But true to form for the Morrison Government they dithered, providing no assistance to our neighbors and subsequently the outbreak further spread to Bali," Senator Watt said.

"We have responded to the outbreak with the strongest ever biosecurity measures in this nation's history that is backed by industry," Senator Watt said.

New South Wales Farmers Mr McColl said that some people were "using this outbreak as a weapon to further their own ends, and frankly it's pretty disappointing".

"Farmers have argued for stronger, sustainably-funded biosecurity systems for years - this isn't something that's just happened overnight," Mr McColl said. "What Australia needs is all levels of government and all members of the community to come together and keep this disease out," Mr McColl said.

"Fanning the flames of fear will not help one little bit," he said.

New South Wales Farmers quoted the World Organisation for Animal Health saying that foot and mouth disease was "endemic throughout much of Asia and in most parts of Africa and the Middle East".

"There is a risk that trade or travellers to any of these countries could bring FMD into Australia, which was why it was so important to have strict biosecurity controls at our border," Mr McColl said.

"Last week we saw FMD fragments detected that didn't come from Bali on a tourist's thongs, they came in meat products from Asia," Mr McColl said. "Those people out there [who] suggested we need to slam shut travel to Indonesia don't understand that would only give a false sense of security, which could actually increase the risk of FMD coming from elsewhere," Mr McColl said.

"We have strongly advocated for the Federal Government to boost screening and put foot baths at our airports; the State Government has boosted biosecurity funding; now it's up to all of us to do the right thing and stop spreading fear and rumor," Mr McColl said.

CLEAN SEAS SEAFOOD

Clean Seas says that receipts from customers for the year to June 30, 2022, was up 49.9 percent to \$67,377,000 compared to the previous corresponding period.

Clean Seas said that receipts for the three months to June 30, 2022, primarily from sales of its Yellowtail Kingfish, was up 52.7 percent to \$18,227,000.

The company said it had a cash burn of \$1,744,000 for the three months to June 30, with cash and cash equivalents of \$12,982,000.

Clean Seas was up 4.5 cents or 8.9 percent to 55 cents.

FOOD REVOLUTION GROUP

Food Revolution says receipts from customers for the year to June 30, 2022 was up 9.25 percent to \$35,819,000, compared to the prior corresponding period.

Food Revolution said that receipts from customers from the sale of juices, including its Original Juice Black Label brand and Juice Lab shots, fibre and infused fruits for the three months to June 30 was up 16.1 percent to \$9,267,000, it was cashflow positive by \$414,000 for the three months to June 30 and had cash and equivalents of \$910,000.

Food Revolution was unchanged at 2.6 cents.

WELLNEX LIFE

Wellnex says receipts from customers for the year to June 30, 2022, was up 1,306.8 percent to \$17,880,000 compared to the previous corresponding period.

Wellnex said that receipts from customers, primarily from its Iron Company slow-release iron gummy product, its Wakey Wakey complementary medicine and its liquid paracetamol product, were up 1,655.2 percent to \$4,704,000.

The company said it had a cash burn of \$3,475,000 for the three months to June 30, with cash and cash equivalents of \$4,062,000 and loans providing 2.021 quarters of funding.

Wellnex was unchanged at 9.1 cents.

MURRAY COD AUSTRALIA

Murray Cod says receipts from customers for the year to June 30, 2022, was up 36.4 percent to \$12,938,000 compared to the previous corresponding period.

Murray Cod said receipts from customers for its farmed Aquana Murray cod for the three months to June 30 was up 38.9 percent to \$3,453,000, it had a cash burn of \$1,511,000 for the three months to June 30, with cash and cash equivalents of \$26,968,000.

Murray Cod fell half a cent or 2.9 percent to 17 cents.

NEXT SCIENCE

Next Science says customer receipts for the six months to June 30, 2022 fell 9.8 percent to \$US4,186,000 (\$A6,007,000) compared to the prior corresponding period.

Next Science said that receipts from customers from the sales of its wound care products Xperience, Bactisure, Surgx, Blastx and for the three months to June 30, 2022 were up 72.2 percent to \$US2,220,000 compared to the previous corresponding period.

The company said it had cash burn of \$US3,516,000 for the three months to June 30, 2022, with cash and cash equivalents of \$11,063,000, and 3.1 quarters of funding available.

Next Science was up 12.5 cents or 13.1 percent to \$1.08.

RLF (RURAL LIQUID FERTILISERS) AGTECH

RLF says receipts from customers for the year to June 30, 2022 rose 23.2 percent to \$10,000,000 compared to the prior corresponding period.

RLF listed on the ASX on April 21, 2022 after it raised \$8.5 million in its initial public offering at 20 cents a share (AVW: Apr 22, 2022).

According to its prospectus, RLF had a 23.2 percent increase in receipts from customers for the year to June 30, 2022, compared to \$8,117,137 for the year to June 30, 2021.

The company said revenue was primarily from the sales of its plant nutrition products.

RLF said it had a cash burn of \$453,000 for the three months to June 30, with cash and cash equivalents of \$7,999,000.

RLF was unchanged at 15 cents.

WIDE OPEN AGRICULTURE

Wide Open says receipts from customers for the year to June 30, 2022 rose 84.2 percent to \$8,749,000 compared to the previous corresponding period.

Wide Open said receipts from customers for the three months to June 30, 2022, primarily from its Dirty Clean Foods plant-based milk substitute products and other plant-based food substitutes, was up 49.3 percent to \$2,367,000.

The company said it had a cash burn of \$2,667,000 for the three months to June 30, with cash and cash equivalents of \$19,689,000.

Wide Open was up half a cent or 0.9 percent to 55 cents.

CANN GROUP

Cann Group says receipts from customers for the year to June 30, 2022 was up 370.5 percent to \$6,483,000 compared to the previous corresponding period.

Cann Group said that receipts from customers for its marijuana products for the three months to June 30, 2022 was up 243.7 percent to \$1,952,000.

The company said it had a cash burn of \$7,109,000 for the three months to June 30, 2022, with cash and cash equivalents \$1,198,000, with finance facilities of \$18,255,000 and 2.8 quarters of funding available.

Cann was up half a cent or 1.6 percent to 31 cents.

MGC PHARMACEUTICALS

MGC says receipts from customers for the year to June 30, 2022 was up 129.5 percent to \$6,133,000, compared to the previous corresponding period.

MGC said that receipts from customers for its marijuana-derived and herbal products for the three months to June 30 was up 18.6 percent to \$1,546,000.

The company said it had cash burn of \$1,761,000 for the three months to June 30, 2022, cash and cash equivalents of \$1,793,000, and an additional \$9,250,000 in unused financing facilities, giving it 6.27 quarters of funding.

MGC fell 0.1 cents or five percent to 1.9 cents with 2.1 million shares traded.

BUBS AUSTRALIA

Bubs says it has raised \$22.9 million in the retail component of its one-for-10.64 entitlement offer at 52 cents a share, bringing the total raised to \$63 million.

Earlier this month, Bubs said it raised \$32.4 million in a placement and \$7.7 million in an institutional entitlement offer (AVW: Jul 8, 2022).

Today, the company said it received application for 12.7 million new shares, and the 31,349,49 shares not taken-up by shareholders would be allotted to sub-underwriters.

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

Bubs fell 2.5 cents or four percent to 60.5 cents with 17.6 million shares traded.

MGC (MEDICAL GRADE CANNABIS) PHARMACEUTICALS

MGC says it has bought 40 percent of ZAM Software for its medical data application, and has a \$US10 million (\$A14.3 million) draw down equity facility from Mercer Street.

MGC said it would issue the London-based ZAM GBP700,000 (\$A1,217,544) worth of shares for 40 percent of the company to fast-track the development and commercialization of ZAM's medical data application, which uses artificial intelligence to personalize treatment and medication to patients.

The company said that shares would be subject to voluntary escrow for three months, and to performance milestones for the application.

MGC said it would issue New York's Mercer Street Capital convertible securities for \$US10 million, with the first tranche of 1.32 million convertible notes at \$US1 each, providing \$US1.20 million in funding and issue Mercer 21,511,545 shares.

MGC said that subsequent tranches were worth up to \$US8.8 million, and that for each \$US1 of funding provided, it would issue Mercer with convertible notes worth \$US1.10.

The company said that for the first tranche of notes, any conversion within the first two months would have a conversion price of two cents, and that for subsequent tranches, the conversion price would be the lower of two cents or 92 percent of the lowest daily volume-weighted average price selected by Mercer over the 10 prior days of trading, subject to the conversion price being no less than 1.4 cents.

COSTA GROUP

Costa says its Corindi berry farm falls within the 25km surveillance zone of a Varroa mite detection at Nana Glen, north-west of Coffs Harbour, New South Wales.

Costa said that bees within the 25km surveillance zone were allowed to be used for pollination purposes, but it would closely monitor the bees and cooperate with surveillance requirements.

The company said that New South Wales Department of Primary Industries officials would "monitor and inspect managed and feral honeybees in this zone to limit the extent of any further incursions".

Costa was up seven cents or 2.8 percent to \$2.57 with 2.1 million shares traded.

PALLA PHARMA

Korda Mentha as liquidators of the Palla Pharma says the company will be removed for the ASX Official List at the close of trading on August 2, 2022.

In March, Korda Mentha said the second meeting of creditors resolved to wind up Palla Pharma and the administrators “do not anticipate a return to shareholders” following the liquidation of the company (AVW: Mar 11, 2022).

This week the company formally applied to the ASX requesting the removal from the ASX official list and received in-principle advice from the ASX that it “proposes to remove the company from the official list at the close of trading on August 2, 2022”.

Palla Pharma was in a suspension and last traded at 29.5 cents.

AUSTRALIAN AGRICULTURAL CO

Australian Agricultural says all resolutions at its annual general meeting passed easily, with the exception of a proposed amendment to the constitution.

Australian Agricultural said that 47,071,923 votes (9.93%) opposed the resolution to amendment, with 426,756,619 votes (90.07%) in favor.

In its most recent filing, Australian Agricultural said it had 602,766,747 shares on, meaning that the 47,071,923 votes opposing constitutional amendment amounted to 7.8 percent of the company, sufficient to requisition extraordinary general meetings.

Australian Agricultural was unchanged at \$1.85.

MEMPHASYS

Memphasys has requested a suspension “regarding a court application concerning ... cleansing notices”.

Earlier this week, Memphasys requested a trading halt pending an announcement “regarding a capital raising”.

Today said the company said that it had discovered “four inadvertent administrative errors” relating to the failure to lodge the cleansing notices and would file an application to the Federal Court or the Supreme Court of Western Australia seeking declaratory relief and ancillary orders.

Memphasys last traded at 4.5 cents.

CRESO PHARMA

Creso has requested a suspension to follow its earlier trading halt “pending an announcement regarding a capital raising”.

Trading will resume on August 1, 2022 or on an earlier announcement.

Creso last traded at 4.9 cents.

BEGA CHEESE

Tattarang and Dr Andrew ‘Twiggy’ Forrest say they have increased their substantial holding in Bega from 30,328,343 shares (10.00%) to 34,877,593 shares (11.50%).

The Perth-based Mr Forrest said that between April 26 and July 22, 2022, they bought 4,549,250 shares for \$14,888,683, or \$3.27 a share.

Bega fell one cent or 0.3 percent to \$3.48 with 1.2 million shares traded.

APIAM ANIMAL HEALTH

Apiam managing-director Dr Chris Richards says his substantial holding has increased and been diluted from 31,400,000 shares (23.93%) to 38,850,000 shares (22.27%).

In June, Apiam said it raised \$20.25 million at 70 cents a share (AVW: Jun 24, 2022).

Today, the Bendigo, Victoria-based Dr Richards said that between October 22, 2021, and June 3, 2022, he acquired 7,450,000 shares in the company for \$5,423,352, or 72.8 cents a share.

Apiam was up two cents or 2.9 percent to 72 cents.

ELIXINOL WELLNESS

Regal Funds Management says it has reduced its substantial holding in Elixinol from 29,005,212 shares (9.17%) to 22,247,476 shares (7.03%).

The Sydney-based Regal said that between June 7 and July 26, 2022, it bought and sold shares in Elixinol, with the largest single sale 3,700,000 shares for \$177,970, or 4.8 cents a share.

Elixinol was unchanged at four cents.

SYNLAIT MILK

Synlait says it has changed its executive team, with some staff to be sacked and departments to be closed, effective from September 1, 2022.

Synlait said that four departments had been “disestablished” and that two ones established, as well as 10 new senior executive roles confirmed.

The company said that it was “working with staff who [had] been impacted”.

Synlait was up 14 cents or five percent to \$2.94 with 17.6 million shares traded.

FONTERRA CO-OPERATIVE GROUP

Fonterra says it has appointed Emma Parsons as its managing-director of strategy and optimization, from August 1, 2022.

Fonterra said Ms Parsons was most recently general manager of capital strategy at Fonterra and previously was Agrigate chief executive officer.

The company said Ms Parsons held a Bachelor of Science and Bachelor of Commerce from Wellington’s Victoria University and a Master of Business Administration from the Palmerston North-based Massey University.

Fonterra fell one cent or 0.4 percent to \$2.69.