

# Ag & Vet Weekly



Monday November 28 - Friday December 2, 2022

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

- \* **ASX DOWN, AVW-41 UP: PHARMAUST UP 9%; AVECHO DOWN 11%**
- \* **ELIXINOL TO ACQUIRE SUSTAINABLE NUTRITION FOR \$4m SCRIP**
- \* **CRESO, ROOTS JAMES ELLINGFORD BAILED; LEAVES CRESO**
- \* **COBRAM CALIFORNIA OLIVE OIL YIELD DOWN 'AS EXPECTED'**
- \* **NANOLLOSE: ORTA MANUFACTURES NULLARBOR-20 DENIM**
- \* **APIAM PAYS \$6.5m CASH, SCRIP FOR HUNTER EQUINE**
- \* **PHARMAUST DOSES 1st MONEPANTEL MND TRIAL COHORT**
- \* **BOTANIX SHARE PLAN RAISES \$961k; TOTAL \$6m**
- \* **ROOTS RIGHTS FOR \$1m**
- \* **ROOTS APPOINTS UNICORN OMAN DISTRIBUTOR**
- \* **WIDE OPEN AGM UP-TO 42% OPPOSE 2.75m DIRECTOR OPTIONS**
- \* **BUBS AGM 27% OPPOSE 1.7m DIRECTOR RIGHTS**
- \* **MURRAY COD AGM JUST LOSES VIRTUAL MEETINGS RESOLUTION**
- \* **NANOLLOSE REMUNERATION REPORT FACES 17% DISSENT**
- \* **CRESO DIRECTORS' 21m SHARES, 10m OPTIONS, 4m RIGHTS EGM**
- \* **FIL BELOW 5% OF SYNLAIT**
- \* **RAH TAKES 8% OF ROOTS, SELLS ALL FOR \$25k PROFIT**
- \* **REGAL BELOW 5% IN ELIXINOL**
- \* **EPSILON APPOINTS MARK AUDET CFO, REPLACES CO-CO SEC LOUISA HO**

## MARKET REPORT

The Australian stock market fell 0.72 percent on Friday December 2, 2022, with the ASX200 down 52.9 points to 7,301.5 points.

Fifteen of the AVW-41 stocks were up, 11 fell, eight traded unchanged and seven were untraded.

Pharmaust was the best, up 0.6 cents or 9.4 percent to seven cents, with 700,252 shares traded.

Nanollose climbed 7.1 percent; Creso and Wide Open were up five percent or more; Clean Seas improved 4.9 percent; Bubs, Ecofibre, Elixinol and Food Revolution were up more than three percent; Bega and Cann Group rose two percent or more; with A2, Costa, Elders and Synlait up by one percent or more.

Avecho led the falls, down 0.1 cents or 11.1 percent to 0.8 cents, with 300,132 shares traded.

Botanix lost 6.25 percent; MGC was down 3.85 percent; Australian Agricultural, Ridley, Select Harvests and Wellnex shed more than two percent; Apiam, Clover and Nufarm were down more than one percent; with Fonterra down by 0.35 percent.

## CRESO PHARMA, ROOTS SUSTAINABLE AGRICULTURAL TECHNOLOGIES

Creso executive director and Roots director James Anthony Ellingford, 57, has been bailed on six charges including contravention of a domestic violence order and stalking. An officer of the Southport Magistrates Court, on Queensland's Gold Coast, told Ag & Vet Weekly that Mr Ellingford appeared before Magistrate Janice Crawford on Friday November 25, 2022 charged with: two counts of contravention of a domestic violence order; one count of unlawful stalking; and three counts of "improper use of emergency call services, vexatious".

Queensland Police Prosecutions told Ag & Vet Weekly that Mr Ellingford was granted bail and would reappear at the Southport Magistrates Court on February 3, 2023.

Last year, following an Australian Securities and Investments Commission raid on the offices of Everblu Capital, Everblu chair, Adam Blumenthal stood aside as chair of Creso and Roots, with Mr Ellingford appointed Creso interim chair (AVW: Nov 19, 26, 2021).

Two weeks ago, Creso director and Roots managing-director Boaz Wachtel replaced Mr Ellingford as Creso's chair (AVW: Nov 18, 2022).

In 2020, Mr Ellingford was appointed as a director of Esense-Lab, which delisted last year. Yesterday, Creso said that Mr Ellingford had left the company "effective immediately" and had been replaced as a director by Peter Hatfull on Wednesday, November 30, 2022.

The company said that Mr Ellingford would be paid \$144,000 over 12 months and reimbursed for expenses incurred in relation to the ASIC inquiry "directly relating to the company or [his] role as a director of the company".

At the time of publication, Mr Ellingford remained a director of Roots.

Creso was up 0.1 cents or five percent to 2.1 cents with 10.3 million shares traded.

Roots was unchanged at 0.2 cents.

## ELIXINOL WELLNESS, THE SUSTAINABLE NUTRITION GROUP

Elixinol Wellness says it will acquire the Sustainable Nutrition Group through a scheme of arrangement, valuing its target at about \$4 million.

Elixinol says it will provide 1.1225 of its shares and options for each Sustainable Nutrition share and option, with Elixinol holding 70 percent of the combined group following the implementation of the schemes.

At the time of publication, Sustainable Nutrition had 120,606,385 shares on offer and last traded at 14 cents in May, giving it a notional market capitalization of \$16,884,894.

In May, Sustainable Nutrition requested a voluntary suspension “to assess the potential impact in relation to the termination of a key strategic customer supply agreement for existing branded goods” (AVW: May 20, 2022).

Using the stated ratio implies Elixinol, which last traded at 2.8 cents prior to the announcement, will issue Sustainable Nutrition 135,380,667 shares, implying a value of about \$3,790,659 for Sustainable Nutrition,

Elixinol said it would provide a 12-month loan of up-to \$2 million at 11.51 percent per annum to Sustainable Nutrition’s operating subsidiary to refinance existing debt, cover the costs of the schemes of arrangement and provide working capital; with an initial drawdown of \$1,150,000 expected shortly after executing the scheme deed.

The company said the schemes were expected to be implemented by late March 2023.

Elixinol said that Sustainable Nutrition produced, manufactured and distributed sustainable and plant-based nutrition brands, including hemp products, under the ‘Mt Elephant’, ‘Australian Primary Hemp’, ‘Field Day’ and ‘The Australian Superfood Co’ brands to retail, wholesale, electronic commerce and white label customers in Australia, and worked across the value chain including seed selection, farming, processing, packaging, distribution and sales of bulk, food service and retail products.

The company said that the proposed acquisition aligned with its “strategic objectives of being a premium hemp and plant-based health and wellness company”.

Elixinol said the acquisition would increase its brands from four to eight, and products from 67 to 143 across human nutrition, food, cannabidiol (CBD), pet and “wellness”, and expand its Australian distribution network from 2,300 locations to 4,100 locations.

Elixinol said it would issue Canaccord Genuity (Australia) 9,036,068 shares for services provided to Sustainable Nutrition as its exclusive financial adviser for the schemes.

Sustainable Nutrition said its board unanimously recommended that shareholders and option holders vote in favor of the schemes.

Elixinol chief executive officer Ron Dufficy said the company had “evaluated a number of external businesses through our strategic review period ... and are confident that the Sustainable Nutrition Group is a strong fit”.

“We are fully aligned in our vision to build a leading global plant-based food, health and wellness company and have identified many ways in which we can leverage our infrastructure and highly complementary product set in order to realize this vision,” MR Dufficy said.

He said the acquisition would provide access to “a fully integrated hemp growing network in Australia to support consumer preference for locally grown and produced products”.

“The combined group will benefit from potential annualized cost savings of up to \$4.3 million, including potential savings identified from the strategic reviews undertaken by both companies, plus new transaction potential synergies of up to \$2.3 million, representing total potential savings of up to \$6.6 million, which are expected to be relatively easy to realize owing to the nature of our like business models,” Mr Dufficy said.

Elixinol was up 0.1 cents or 3.45 percent to three cents.

Sustainable Nutrition was in a suspension at 14 cents.

### COBRAM ESTATE

Cobram says its 2022 Californian harvest is “in line with the company’s expectations” yielding 1.69 million litres of olive oil.

Cobram said 2022 was a “lower yielding crop year on most of the third-party contracted olive groves in California ... [as] “olive trees naturally bear fruit in two-year, biennial, cycles, with a higher yielding crop one year followed by a lower yielding crop the next”.

The company said the harvest was a “strong improvement” of 59 percent on the previous lower yielding crop year in 2020, which produced 1.06 million litres of olive oil.

Cobram said the estimation of the yield potential of the 2023 crop would be completed by late January but it was difficult to accurately determine actual olive oil yield until the annual harvest was completed in late June 2023.

Cobram was unchanged at \$1.515.

### NANOLLOSE

Nanollose says the Istanbul, Turkey-based Orta Anadolu has completed sample denim production, incorporating its Nullarbor-20 tree-free fibre from waste cellulose.

In March and April, Nanollose said it had produced an initial 250kg of Nullarbor-20 ‘forest-friendly’ lyocell fibre, proving commercial scale was achievable and Orta would develop denim fabrics using Nullarbor (AVW: Mar 4, Apr 22, 2022).

This week, Nanollose said Orta used 12 percent of Nullarbor-20 fibre in the denim fabrics and supplied denim to luxury brands, leading denim brands and major retail outlets.

Nanollose chair Dr Wayne Best said “the outcome of this first batch of fabric from Orta highlights the considerable potential of Nullarbor-20 fibre and its versatility for use in a range of fabrics and garments”.

“To have attracted a partner of Orta’s calibre to produce denim from our fibre provides us with confidence around the future for our product,” Dr Best said.

Nanollose was up half a cent or 7.1 percent to 7.5 cents.

### APIAM ANIMAL HEALTH

Apiam says it will buy the Hunter Valley, New South Wales-based Hunter Equine Centre for \$6.5 million for its dedicated equine veterinary business.

Apiam said it would pay \$6,000,000 in cash and \$500,000 in scrip, with half the shares subject to a minimum escrow of 12 months, and the other half in escrow for 24 months.

The company said Hunter Equine Centre employed 23 staff, or equivalent to 16.1 full time employees, including eight full time equivalent veterinary staff, and the acquisition was “expected to add \$6.0 million in revenue to Apiam on a 2022-’23 pro-forma basis”.

Apiam said the acquisition was part of its “equine veterinary strategy” buying practices in Victoria, New South Wales and Queensland (AVW: Jul 2; Nov 19, 2021; May 20, 2022).

The company said it expected settlement of the acquisition in December 2022.

Apiam managing-director Dr Chris Richards said this was the company’s fourth “high performance equine acquisition in the past 18 months”.

“Hunter Equine Centre, in combination with our other specialist equine clinic and referral centres, such as Agnes Banks (NSW) and Scenic Rim (QLD) will offer the opportunity to leverage our highly specialized equine staff, professional development pathways and industry knowledge,” Dr Richards said.

“This also aligns with Apiam’s equine strategy to operate high performance clinics in key operating regions for our Australian equine clients,” Dr Richards said.

Apiam fell one cent or 1.4 percent to 69 cents.

## PHARMAUST

Pharmaust says it has completed dosing of the first cohort of six patients in its phase I/II trial of monepantel for motor neurone disease, or amyotrophic lateral sclerosis.

Pharmaust said that monepantel had been well tolerated by patients in the first cohort, and that further data would be reviewed after 28 days of treatment.

The company said that dosing at the next level of monepantel was expected to begin in 2023.

In October, Pharmaust said it has dosed the first of 12 patients in its open-label, four-week dose-escalating, phase I/II trial to assess the safety and tolerability of monepantel in patients living with motor neurone disease, also known as Lou Gehrig's disease, and with concurrent animal studies, would determine whether monepantel should proceed to larger phase II studies (AVW: Oct 7, 2022).

In 2020, the company said the charity Fight MND had granted its \$881,085 for a phase I trial of monepantel for motor neuron disease (AVW: Sep 25, 2020).

Pharmaust was up 0.6 cents or 9.4 percent to seven cents.

## BOTANIX PHARMACEUTICALS

Botanix says it has raised \$960,504 of a hoped for \$3 million, in a non-underwritten share plan at 6.3 cents a share, taking the total raised to \$5,960,504.

In October, Botanix said Antares Capital committed to a \$5 million placement and it would offer the share plan to raise up-to \$3 million (BD: Oct 31, 2022) (AVW: Nov 4, 2022).

The company did not mention a shortfall facility.

Botanix said the funds would be used to progress its dermatology assets, prepare for a US Food and Drug Administration approval of its sofipironium bromide for excessive sweating and for general working capital.

Botanix fell 0.4 cents or 6.25 percent to six cents with 2.05 million shares traded.

## ROOTS SUSTAINABLE AGRICULTURAL TECHNOLOGIES

Roots says it hopes to raise up to \$1,028,133 in a one-for-three rights offer at 0.3 cents per Chess depository interest (CDI), with one option for every two CDIs.

Roots said the options would be exercisable at 0.5 cents each within five years issue.

The company said that Everblu Capital Pty Ltd was the lead manager for the non-underwritten offer and would receive six percent of funds raised, included the same number of options as offer participants, less 10 percent, pending shareholder approval. Everblu chair, Adam Blumenthal, is a non-executive director of Roots.

The company said the record date was December 1, the offer would open on December 6 and close on December 15, 2022.

Roots said funds were for sales, marketing, operating expenses, debt and working capital.

## ROOTS SUSTAINABLE AGRICULTURAL TECHNOLOGIES

Roots says it has a two-year distribution agreement with Unicorn Farm Tech to sell and service its technology systems in Oman, a Gulf Cooperation Council member.

Roots said Unicorn Farm Tech was the agricultural division of the Muscat, Oman-based Unicorn International LLC, and that under the agreement its distribution partner would be responsible for selling its products in Oman.

The company said that after Unicorn had placed at least \$US50,000 (\$A74,700) worth of orders in the first year, it could authorize sub-distributors in Oman.



### WIDE OPEN AGRICULTURE

Wide Open says its annual general meeting faced up-to 42.36 percent dissent against the issue of 2,750,000 options to directors.

Wide Open said the largest dissent was against the issue of 500,000 options to non-executive director Ronald Duncan with 4,025,888 votes (42.36%) in opposition and 5,477,674 votes (55.51%) against, with similar opposition to the issue of 500,000 options to Elizabeth Brennan and 500,000 options for Stuart McAlpine, while the issue of 1,000,000 options to managing-director Dr Ben Cole and 750,000 options for chair Anthony Maslin were opposed by 22.48 percent and 23.08 percent, respectively.

The company said all other resolutions passed easily, with the exception of the re-election of Mr McAlpine which was opposed by 5,526,200 votes (16.08%).

According to its most recent filing, Wide Open had 128,731,773 shares on issue, meaning the votes against Mr McAlpine's re-election amount to 4.3 percent, not sufficient to requisition extraordinary meetings.

Wide Open was up 1.5 cents or 5.3 percent to 30 cents.

### BUBS AUSTRALIA

Bubs says up to 27 percent of its annual general voted against the issue of 1,698,205 share rights to managing director Kristy Carr and executive chair Dennis Lin.

Bubs said 51,465,181 votes (26.84%) opposed the issue of 1,091,703 rights to Ms Carr, with 140,317,232 votes in favor, while the issue of 606,502 rights for Mr Lin was opposed by 51,317,037 votes (26.77%),

The company said the employee share rights plan faced 21.15 percent dissent, the remuneration report had 20.70 percent opposition with other resolutions opposed by 6.75 to 17.91 percent of votes.

According to its most recent filing, Bubs had a total of 743,510,639 shares on issue, meaning the votes against Ms Carr's rights amounted to 6.9 percent of the company, sufficient to requisition extraordinary meetings.

Bubs was up one cent or 3.2 percent to 32 cents with 8.2 million shares traded.

### MURRAY COD AUSTRALIA

Murray Cod says its annual general meeting voted 25.14 percent against the special resolution to amend the constitution to allow fully virtual meetings.

Murray Cod said the special resolution required 75.0 percent or more to pass but had 89,510,940 votes (25.14%) in opposition and 266,566,760 votes (74.86%) in favor.

The company said that termination benefits for chair Ross Anderson, managing-director Matthew Ryan and director Wendy Dillon were opposed by more than 50 million votes, with the issue of 2,000,000 options each to directors Martin Priestly and George Commins both opposed by 19,565,369 votes and the re-election of Mr Anderson opposed by 18,016,860 votes.

Murray Cod said that other resolutions passed more easily.

The company's meeting results did not include a description of the resolutions nor the percentages of the votes as required under ASX Listing Rule 3.13.2.

According to its most recent filing, Murray Cod had 765,253,388 shares on issue, meaning that the votes against the constitution amounted to 11.7 percent of the company, sufficient to requisition extraordinary meetings.

Murray Cod was unchanged at 16 cents.

### NANOLLOSE

Nanollose says its annual general meeting faced up to 17.15 percent dissent against the resolution to adopt the remuneration report.

Nanollose said there were 5,879,769 votes (17.15%) against the remuneration report and 28,403,303 votes (82.85%) in favor.

The company said that resolutions to issue incentive shares to executive chair Dr Wayne Best, the 10 percent placement facility an amendment to the constitution and the re-election of directors Terence Walsh and Heidi Beatty passed with 6.64 percent to 12.42 percent of votes in opposition.

According to its most recent filing, Nanollose had a total of 148,886,368 shares on issue, meaning that the votes against the remuneration report amounted to 3.9 percent of the company, not sufficient to requisition extraordinary meetings.

### CRESO PHARMA

Creso says its extraordinary general meeting will vote to issue 21,000,000 shares, 10,000,000 options and 4,000,000 performance rights to directors and “ambassadors”.

Creso said the meeting proposed to issue 4,000,000 shares to (former) director James Ellingford and 2,000,000 shares to chair Boaz Wachtel and former director Dr Miriam Halperin Wernli 15,000,000 shares for her role as strategic advisor, as well as 10,000,000 options for director Bruce Linton, exercisable at nine cents each by January 17, 2024.

Creso said shareholders would vote to issue brand ambassadors Kolby Tullier and Troy Van Biezen 2,000,000 performance rights each, ratify prior placements and share conversions, including the participation of directors, as well as the issue of options and shares in relation to an acquisition.

The meeting will be held virtually on December 29, 2022 at 4pm (AEDT).

### SYNLAIT MILK

The Sydney-based FIL (Fidelity) Investment Management says it has reduced its holding in Synlait from 11,002,350 shares (5.03%) to 10,918,989 shares (4.99%).

FIL said it sold 83,361 shares for prices ranging from \$2.67 to \$2.6811.

Synlait was up three cents or one percent to \$2.98.

### ROOTS SUSTAINABLE AGRICULTURAL TECHNOLOGIES

Rah STC says it became substantial in Roots on November 18, with 80,000,000 Chess depository interests (7.78%) selling the CDIs for a \$25,118 profit.

Last week, Roots said Rah STC Pty Ltd had extended its short-term loan until January 31, 2023, but it agreed to issue 80,000,000 Chess depository interests (CDIs) for \$134,882 of the outstanding amount owed (AVW: Nov 25, 2022).

In two substantial shareholder notices signed by Rah director David Ross Hannon and published in the one document Rah STC said it became substantial on November 18 and sold all the CDIs on November 30, 2022 for \$160,000 or 0.2 cents a CDI.

### ELIXINOL WELLNESS

Regal Funds Management Pty Ltd says it has ceased its substantial holding in Elixinol after selling 3,675,521 shares for \$109,641 or an average of 3.0 cents a share.

In September, Sydney's Regal Funds said it had reduced its substantial holding in Elixinol from 22,247,476 shares (7.03%) to 18,953,133 shares (5.99%) (AVW: Sep 30, 2022).

Ag and Vet Weekly calculates that Regal held 15,277,612 shares or 4.83 percent of the company.

### EPSILON HEALTHCARE

Epsilon says it has appointed Mark Audet as chief financial officer and he will replace Louisa Ho as joint company secretary, effective from November 30, 2022.

Epsilon said that Mr Audet had more than 30 years of experience in pharmaceutical, technology and other manufacturing companies.

The company said that Sonny Didugu continued as chief operating officer and joint company secretary.

Epsilon was unchanged at 2.5 cents.