

# Ag & Vet Weekly



Monday December 5 - Friday December 9, 2022

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

- \* **ASX, AVW-41 UP: RLF UP 16%; NANOLLOSE DOWN 8%**
- \* **ABARES: 'BUMPER YEAR' PRODUCTION AT \$85b, EXPORTS AT \$72b**
- \* **QUEENSLAND \$14.25m FOR SUGAR RESEARCH**
- \* **CANN GROUP SHARE PLAN RAISES \$8.2m**
- \* **WIDE OPEN SENDS BUNTINE PROTEIN SAMPLES, SCALE-UP**
- \* **FONTERRA GUIDANCE UP 17%, FARMGATE MIDPOINT \$8.50kg/MS**
- \* **ROOTS WINS ISRAEL 'CERTIFICATE OF DESIGN REGISTRATION'**
- \* **MGC: 'CIMETRA REDUCES LUNG INFLAMMATION, IN MICE'**
- \* **MGC DELIVERS \$1.5m ARTEMIC TO AMC**
- \* **CRESO'S HALUCENEX DOSES 1st PSILOCYBIN PTSD PATIENT**
- \* **CRESO TELLS ASX: 'WE SHALL CONFIRM RELATED PARTIES'**
- \* **MGC MARIJUANA CBD, CBG 'KILL GLIOBLASTOMA STEM CELLS, IN-VITRO'**
- \* **BOTANIX: US FDA CONFIRMS SOFPIRONIUM BROMIDE SWEAT REVIEW**
- \* **ROOTS LOSES DIRECTOR JAMES ELLINGFORD, TOO**
- \* **NICK HASLAM REPLACES ANATARA DIRECTOR SUE MACLEMAN**
- \* **JOSHUA FLETCHER REPLACES TASFOODS CFO, CO SEC SHONA CROUCHER**

## MARKET REPORT

The Australian stock market was up 0.53 percent on Friday December 9, 2022, with the ASX200 up 37.7 points to 7,213.2 points. Fourteen of the AVW-41 stocks were up, 10 fell, 12 traded unchanged and five were untraded.

RLF Agtech was the best, up 2.5 cents or 15.6 percent to 18.5 cents, with 565,206 shares traded. Avecho, Ecofibre and Seafarms climbed 14 percent or more; Bubs was up 3.3 percent; A2, Bega and Elders rose more than two percent; with Clean Seas, Costa, Fonterra, Pharmaust, Ridley and Synlait up by one percent or more.

Nanollose led the falls, down 0.6 cents or 8.3 percent to 6.6 cents, with 147,600 shares traded. Elixinol lost eight percent; Creso fell 4.8 percent; Cobram and Epsilon were down more than three percent; Terragen and Wellnex shed more than two percent; Wide Open was down 1.85 percent; with Nufarm and Select Harvests down by less than one percent.

## THE BUREAU OF AGRICULTURAL AND RESOURCE ECONOMICS AND SCIENCES

Abares says the agricultural industry is “on track for an outstanding 12 months, despite the impact of the devastating floods in the eastern states”.

Abares executive director Dr Jared Greenville said the Bureau’s December agricultural commodities and crop reports showed “the sector setting new benchmarks in export commodities and high yields for winter crops”.

“The gross value of agricultural production is forecast to be a near-record \$85 billion in 2022-’23, just shy of the record set the previous year,” Dr Greenville said.

“Meanwhile, the winter crop is forecast to be the second largest on record at over 62 million tonnes... [and] livestock production is expected to hold steady, contributing \$34 billion to the national total,” Dr Greenville said.

“Another bumper year combined with high commodity prices means Australia’s agricultural exports are forecast to break records at over \$72 billion in 2022-’23,” Dr Greenville said.

“While the spring rain has impacted production, yields and quality in some parts of the country, some states are experiencing their best winter crops on record,” Dr Greenville said.

“Crops in Western Australia and South Australia benefitted the most from spring conditions, with total production in both states forecast to reach new record levels,” Dr Greenville said. “Total production in Queensland is forecast to reach the second highest on record, despite parts of the Darling Downs missing out on plantings after being impacted by the floods.”

“[In Victoria], high yields in the Mallee and the Wimmera will offset crop losses in central and northern border regions... [but] the full picture of damage to crops from extensive waterlogging remains an unknown,” Dr Greenville said.

“Unfortunately, New South Wales has borne the brunt of the damage from the spring rains and subsequent floods,” Dr Greenville said.

“The current conditions are a reminder of the volatility of Australia’s climate... while it’s impressive how resilient the agriculture sector has been, it shows how events like floods and droughts can impact regions and Australian farmers,” Dr Greenville said.

Abares said the December 2022 agricultural commodities report and crop report was available at: <https://www.agriculture.gov.au/abares/research-topics/agricultural-outlook/>.

## QUEENSLAND GOVERNMENT

The Queensland Government says it has awarded Sugar Research Australia \$14.25 million over five years for research, development and extension activities.

In a media release, Queensland Minister for Agricultural, Industry Development and Fisheries Mark Furner said the Government had been working and supporting the industry for 122 years and in 2020-’21, more than 95 percent of Australia’s sugarcane was produced in Queensland.

“This grant will see a further \$14.25 million committed to strategic [research, development and extension] investments that will increase our understanding of industry problems, enable the uptake of advanced technology, and implement innovative management practices to strengthen the industry,” Mr Furner said.

“Our research support for agriculture, together with investment from our research partners, is key to helping farmers to solve production problems so they get on with what they do best, growing the world’s best food and fibre,” Mr Furner said.

The media release said that canegrowers could benefit from the Queensland Energy and Jobs Plan, which “recognizes growers, graziers and bio-energy generators are key partners in our clean energy transition”.

### CANN GROUP

Cann Group says it has raised \$8.18 million in its share plan purchase plan at 22 cents a share, to expand its Mildura manufacturing capabilities.

In October, Cann Group said it hoped to raise \$8 million to \$10 million in a share purchase plan at 22 cents, an 18.8 percent discount to the five-day volume-weighted average price of its shares to October 24, 2022 (BD: Oct 25, 2022).

Today, the company said it had received applications from 1,254 shareholders, totaling \$8.18 million.

Cann Group chief executive officer Peter Crock said the funds would allow the company "to execute on important commercial projects and accelerate our path towards a positive cashflow position".

"We are encouraged by the strong support of our shareholders," Mr Crock said.

Cann Group was unchanged at 22 cents.

### WIDE OPEN AGRICULTURE

Wide Open says it has begun global sampling of its Buntine protein plant-based protein, and completed a pilot-scale standardized production.

In June, Wide Open said it had opened its Perth plant-based protein, pilot production facility to produce lupin-based Buntine protein for food and beverages and Western Australia's "vast Australian sweet lupin (*Lupinus angustifolius*) crops [would] be transformed into plant-based proteins for human consumption" (AVW: Jun 24, 2022)

This week, Wide Open said it had sent Buntine protein to more than 25 food and ingredient companies in Australia, Europe, North America and Asia, to sample and provide feedback on the suitability of the protein for recipes and product formulations.

The company said "the discussions remain positive based on Buntine protein's attributes of high protein, neutral flavor, color, non-[genetically modified organism] status and gelation properties".

Wide Open said its pilot plant was "successfully producing Buntine protein on a consistent basis" to its required specifications, and that it would shift "into the ramp-up phase of production".

Wide Open fell half a cent or 1.85 percent to 26.5 cents.

### FONTERRA SHAREHOLDERS FUND

Fonterra says it has lifted earnings guidance by up-to 16.7 percent to 70 NZ cents (66 Australian cents) a share, and lowered its forecast farmgate milk price midpoint to \$NZ9.00 (\$A8.50).

The company said it had upgraded its earning guidance from 45 to 60 NZ cents a share to 50 to 70 NZ cents a share, and that it lowered and narrowed its forecast farmgate milk price from \$NZ8.50 to \$NZ10.00 per kilogram of milk solids (kg/MS) to \$8.50 to \$9.50 per kg/MS.

Fonterra chief executive officer Miles Hurrell said that "milk supply from key exporting regions is down over the last 12 months ... production in Europe and Australia continues to be down, with US milk supply showing a slight improvement in recent months".

"Here in New Zealand, our milk production is down 2.9 percent on the same point last season," Mr Hurrell said. "Global market volatility has prompted some softening of demand for whole milk powder, particularly in Greater China and this is reflected in our forecast farmgate milk price range."

Fonterra was up five cents or 1.7 percent to \$3.04.

### ROOTS SUSTAINABLE AGRICULTURAL TECHNOLOGIES

Roots says Israeli Patent Office has provided a “certificate of design registration” for its heat exchange probe technology for plant temperature control.

Root said the registration would provide the ‘Adapter for pipe joints’ for an initial period of five years, which may be extended by four periods of five years each, subject to additional applications, providing the company “with sufficient [intellectual property] protection and the ability to ramp-up to a targeted business development program across Israel”.

The company said the heat exchange probe technology was compatible with its Root Zone Temperature Optimization system and allowed farmers to reduce air heating and cooling expenditures and increase crop yield and growth cycles.

Roots was unchanged at 0.2 cents with 1.15 million shares traded.

### MGC PHARMACEUTICALS

MGC says its plant-based Cimetra reduces the cytokine storm in mice, which in turn showed a reduction of lung inflammation.

MGC said the mouse trial at three doses of the Cimetra showed the “anti-inflammatory effect of the treatment, with the histopathology showing the reduction of lung inflammation resulting from the onset of a cytokine storm,” when compared to the control group.

The company said the reduction was measured through the relative protein concentration of the cellular and acellular concentrations of the lung system.

MGC said it would use the results to form part of its US Food and Drug Administration investigational new drug application.

The company said Cimetra (Artemic backwards) was an oral spray that contained Curcuma longa, or turmeric, and Boswellia serrata, or Indian frankincense.

MGC was unchanged at 31.2 cents with 1.7 million shares traded.

### MGC PHARMACEUTICALS

MGC says it has delivered \$US1 million (\$A1.46 million) worth of Artemic food additives to its US distributor, the Tampa, Florida-based AMC holdings, its largest delivery to the US. Last year, MGC said it had an agreement with AMC Holdings, with minimum orders of \$US24 million (\$A32.9 million) for its marijuana, and artemisinin and curcumin products over three years (AVW: Aug 27, 2021).

In October the company said that AMC had placed an initial order for 1,000 units of Cimetra (Artemic backwards) for sale in the US and later ordered \$US3 million of Cimetra (AVW: Oct 1, 8, 2021).

### CRESO PHARMA

Creso says subsidiary Halucenex Life Sciences has dosed the first of 20 subjects in a trial of its Lucenex synthetic psilocybin for post-traumatic stress disorder.

Creso said the administration of two separate doses of both Lucenex 10mg and Lucenex 25mg had been carried out with no adverse side effects observed.

The company said it expected the trial to be completed by July 2023.

Creso said Halucenex would seek to amend its Health Canada clinical trial protocol to include sleep disruption, which it said was one of the most harmful facets of post-traumatic stress disorder.

Creso fell 0.1 cents or 4.8 percent to two cents with 19.4 million shares traded.

## CRESO PHARMA

Creso has told an ASX aware query that “the board will be specifically asked to confirm that none of the participants are related parties before any securities are issued”.

In October, Creso said it had breached ASX Listing Rule 10.11 by not stating that Alvin Blumenthal’s Suburban Holdings Pty Ltd was a related party (AVW: Oct 28, 2022).

In a series of questions sent from the ASX to Creso on November 22, 2022, the ASX asked the company to provide details of when and how [it] became aware that the related party shares were issued in breach of Listing Rule 10.11 and an explanation for why the breach was not discovered earlier ... [as well as] the controls that [it] has implemented to ensure such a breach does not occur in the future and why these controls were not implemented before the placement”.

In a response dated November 28, 2022, Creso said that the breach was not uncovered earlier “because Everblu had managed many placements for the company prior to this, without concern or error, and therefore there was no reason for the company to question the participants in this placement”.

The company said that “while drafting a notice of meeting in relation to the placement, the company became aware that Suburban Holdings Pty Ltd an entity controlled by the parent of former director Adam Blumenthal had participated in the placement”.

Creso said that under section 228 of the Corporations Act 2001 “a holding controlled by a parent of a director is deemed to be a related party of the company” and Suburban’s participation in the placement required prior shareholder approval under ASX Listing Rule 10.11 and constitutes a breach of Listing Rule 10.11”.

The company said that the breach “was the result of an administrative oversight during the direct settlement of the placement between the broker who managed the placement, and the company’s share registry”.

The ASX said that Everblu was controlled by Adam Blumenthal, then a director at Creso, and had been engaged as exclusive lead manager since 2017, with Suburban Holdings previously participating in a capital raising managed by Everblu in November, 2019, for which the company sought shareholder approval.

Creso said that although Adam Blumenthal had been its chair and a director “it was not advised to management or the company secretaries that a related party was intending to participate in the placement and therefore the full board was also not aware”.

The company said that its company secretary and board would “ensure that the company is given an opportunity to review a copy of the allotment schedule before a placement is completed by [delivery versus payment broking system] DVP; and the board will be specifically asked to confirm that none of the participants are related parties before any securities are issued”.

Creso

## MGC PHARMACEUTICALS

MGC says two marijuana-derivatives, cannabidiol and cannabigerol, kill glioblastoma stem cells, in-vitro, targeting the GPR55 and TRPV1 receptors.

MGC said that the peer-reviewed article, titled ‘The Cytotoxic Effects of Cannabidiol and Cannabigerol on Glioblastoma Stem Cells May Mostly Involve GPR55 and TRPV1 Signalling,’ was published in Multidisciplinary Digital Publishing Institute (MDPI), in collaboration with the National Institute of Biology in Slovenia, and was available at: <https://www.mdpi.com/2072-6694/14/23/5918/pdf>.

The company said the study found that GPR55 and TRPV1 receptors were “the best targets for the antagonistic cannabinoids CBD and [cannabigerol] in an optimised mixture to eliminate glioblastoma stem cells”.



### BOTANIX PHARMACEUTICALS

Botanix says the US Food and Drug Administration has confirmed that its sofipironium bromide new drug application for sweating was “formally under review”.

In September, Botanix said it had filed its FDA new drug application and sofipironium bromide topical gel had “very high statistical significance” for primary axillary hyperhidrosis, which caused excessive underarm sweating (BD: Sep 26, 2022).

This week, the company said the FDA did not identify any filing issues or require a meeting to discuss the application, with the review on-track for approval by October 2023.

Botanix chair Vince Ippolito said the company was “very pleased that the [new drug application] for sofipironium bromide has been accepted for substantive review by FDA”.

Mr Ippolito said the company looked forward to an expected mid-cycle review by April 2023 which would provide FDA management and review teams “an opportunity to discuss the review status, key findings, timelines and any other issues relating to the NDA review which will be communicated to Botanix and will allow us to align our commercialization plans accordingly”.

Botanix was unchanged at six cents.

### ROOTS SUSTAINABLE AGRICULTURAL TECHNOLOGIES, CRESO PHARMA

Roots says James Ellingford “has tendered his resignation as a non-executive director, effective immediately”.

Last week, Creso said that Mr Ellingford had resigned following the news that he had been bailed on charges including: contravention of a domestic violence order; unlawful stalking; and “improper use of emergency call services, vexatious” (AVW: Dec 2, 2022).

### ANATARA LIFESCIENCES

Anatara says Nick Haslam will replace chair Sue MacLeman as a non-executive director, effective from December 7, 2022.

Anatara said Mr Haslam was currently the chief executive officer of Plasma Shield and had held executive roles at medical device and injury prevention business Kangatech.

Anatara executive chair Dr David Brookes thanked Ms MacLeman “for her contribution ... and wish her well with her many interests and for future endeavors”.

Anatara was untraded at 3.5 cents.

### TASFOODS

Tasfoods says that Joshua Fletcher has been appointed as its chief financial officer and company secretary replacing Shona Croucher from April 3, 2023.

Tasfoods said that Mr Fletcher would be a consultant before formally commencing and Ms Croucher would continue until March 17, 2023 “to ensure a smooth transition”.

The company said that Mr Fletcher had more than 10 years’ experience in agriculture, dairy farming and manufacturing in Tasmania and Victoria, most recently with Maeil Australia Pty Ltd, and previously with Organic Dairy Farmers of Australia, Murray Goulburn Co-operative and Tasmanian Dairy Products Co.

Tasfoods was untraded at five cents.