

Ag & Vet Weekly



Monday March 6 - Friday March 10, 2023

All the news on ASX-listed agriculture and veterinary companies

- * **ASX, AVW-41 DOWN: BOTANIX UP 22%; CRESO DOWN 8%**
- * **LABOR, GREENS ADVANCE \$15b RECONSTRUCTION FUND CORP BILL**
- * **ABARES OUTLOOK: AGRICULTURE TO BE WORTH \$90b**
- * **S&P INDICES: RIDLEY, SYNLAIT UP**
- * **QUEENSLAND \$7.5m FOR AQUACULTURE**
- * **EMMA GIBBONS WINS AGRIFUTURES QLD WOMEN'S GONG, WESTPAC \$15K**
- * **CRESO \$2.5m SBC CONVERTIBLE NOTES, PAYS OBSIDIAN**
- * **ROOTS ASX QUERY: \$1.8m PLACEMENT, SHARE PLAN, 12-TO-1 CONSOLIDATION**
- * **MGC DRAWS FURTHER MERCER STREET \$743k**
- * **PHARMAUST LYMPHOMA DOG SURVIVES 240 DAYS**
- * **ANATARA REVISES 'GARP' IBS TRIAL, MUCPHARM LICENCE**
- * **AUSCANN TO DIVEST 52% OF CANNPAL**
- * **MGC CIMETRA INFLAMMATION MECHANISM-OF-ACTION IN-VITRO STUDY**
- * **FOOD REVOLUTION EGM APPROVES 4-TO-1 CONSOLIDATION**
- * **CITIGROUP TAKES 8% OF COSTA**
- * **AA TRUST (TAVISTOCK) TAKES 51.1% OF AUSTRALIAN AGRICULTURAL**
- * **PERPETUAL TAKES 8.7% OF CLOVER**
- * **NEXT SCIENCE FOUNDER, CTO DR MATTHEW MYNTTI BELOW 5%**
- * **SELECT HARVESTS M-D PAUL THOMPSON GOES**

MARKET REPORT

The Australian stock market fell 2.28 percent on Friday March 10, 2023, with the ASX200 down 166.4 points to 7,144.7 points. Six of the AVW-41 stocks were up, 18 fell, 13 traded unchanged and four were untraded.

Botanix was the best of the six, up 1.8 cents or 21.95 percent to 10 cents, with 16.4 million shares traded. Ecofibre, Epsilon and MGC climbed five percent or more; Elixinol was up 4.35 percent; with Fonterra up by 0.2 percent.

Creso led the falls, down 0.1 cents or 8.3 percent to 1.1 cents, with 27.3 million shares traded. Clover and Wellnex lost more than seven percent; Next Science and Wide Open were down more than six percent; Elders fell 4.1 percent; Bega, Cann Group, Cobram and Nufarm were down more than three percent; A2, Althea, Costa and RLF shed more than two percent; Australian Agricultural and Food Revolution were down more than one percent; with Ridley and Synlait down by less than one percent.

FEDERAL GOVERNMENT, THE GREENS

The Federal Government says the National Reconstruction Fund (NRF) Corporation Bill passed the House of Representatives, and the Greens say with its amendments.

A media release from the Federal Minister for Industry Ed Husic and the Minister for Finance Senator Katy Gallagher said the Bill would “deliver one of the largest peacetime investments in Australian industry”.

The Government said that the National Reconstruction Fund would invest \$15 billion across priority areas of the economy including renewables and low emissions technologies, value-adding in agriculture, forestry and fisheries, medical science, transport, value-adding in resources, defence capability and enabling technologies. The media release said the National Reconstruction Fund would “also help address the inflation challenge in the economy by reducing our dependence on broken supply chains”. Mr Husic said the Fund would “rebuild Australia’s industrial capability and support long-term sustainable economic growth”.

The media release said that the Fund would be “administered at arm’s length to Government by an independent board making independent investment decisions”.

More detail is at: <https://www.industry.gov.au/news/national-reconstruction-fund>.

“After a decade of neglect from the former Liberal-National Government, the Albanese Government is revitalizing Australian manufacturing,” Mr Husic said.

“We are now one step closer to delivering one of the largest peacetime investments in manufacturing this country has ever seen,” Mr Husic said.

“The National Reconstruction Fund is a nation-building, transformational investment to help deliver a better future,” Mr Husic said.

Senator Gallagher said the Federal Government “wants to see more things made here in Australia which also means more jobs for Australians and that’s what the National Reconstruction Fund will deliver”.

Australian Greens Leader Adam Bandt and Greens spokesperson on Industry, Transition and Regional Development Senator Penny Allman-Payne said they had secured agreement from the government on amendments to the National Reconstruction Fund Bill that will prevent future governments using the fund to invest in coal and gas projects or log native forests.

The Greens said their amendments imposed a class of ‘prohibited investments’ that banned the National Reconstruction Fund Corporation from financing the extraction of coal and gas, the construction of gas pipelines and the logging of native forests.

The Greens said the Party would “support the passage of the bill through the House of Representatives with the government agreeing to support the Greens amendments on coal and gas”.

“The Greens will also support the bill in the Senate subject to consideration of government and other amendments,” the media release said.

“We thank the government for the constructive approach they have taken in the negotiations and hope this can continue in the Safeguard and Housing Bill discussions in the coming period.”

“The Greens took a policy for a manufacturing fund to the election and we strongly support public investment in rebuilding manufacturing in Australia,” Senator Allman-Payne said.

“The amendments the Greens have secured will ensure that the National Reconstruction Fund will be focused on creating high-quality jobs across a diverse economy, particularly in regional Australia,” Senator Allman-Payne said.

“The Greens have made sure that this fund will only be invested in building the future of Australian manufacturing, not propping up coal and gas corporations,” Senator Allman-Payne said.

BUREAU OF AGRICULTURAL AND RESOURCE ECONOMICS AND SCIENCES

Abares says it expects agriculture to be worth \$90 billion by June 30, 2023, farm cash incomes to decrease and the fishing industry to reach \$3.63 billion.

In November last year, Abares said the theme for its annual Outlook conference in 2023 would be 'global uncertainty, local challenges' and would be held in person after two years online (AVW: Nov 11, 2022).

At this week's Outlook conference Abares executive director Dr Jared Greenville said record gross value of production was expected despite the floods across eastern Australia and including fisheries and forestry the value of agriculture was \$96 billion.

"Australia is benefitting from a third consecutive year of high rainfall, and it shows in the figures," Dr Greenville said.

"This year will likely be the last hurrah for the La Nina rain system for a while and we can expect drier seasonal conditions ahead; however, production will continue to be supported by good soil moisture and high water storage levels," Dr Greenville said.

"Agricultural exports are also forecast to set new records, reaching \$75 billion in 2022-'23," Dr Greenville said. "National winter crop production has driven much of these results, with the winter crop estimated at a new record of 67.3 million tonnes in 2022-'23."

"Production of wheat and canola are estimated to have reached new records, while we can expect the third highest barley production on record," Dr Greenville said.

"High values of livestock production have also contributed to these record numbers, with producers increasing their production while also benefitting from historically high prices," Dr Greenville said.

Abares said farm cash income for broadacre farms were projected to fall about seven percent to an average \$327,000 in 2022-'23, 46 percent above the 10-year average.

At the conference, Abares head of farm performance Peter Gooday said incomes for broadacre farms were expected to decrease in all states except Western Australia and South Australia in 2022-'23, with incomes in New South Wales, Queensland and Victoria impacted by heavy rainfall and flooding during the year.

"While we expect production to be lower in 2023-24, at \$81 billion it will still be the third highest on record," Dr Greenville said.

"Over the medium term to 2027-'28, seasonal conditions are expected to return to a more normal sequence and commodity prices are expected fall," Dr Greenville said. "However, should we see a shift back towards a drier climate sequence and global economic uncertainty carry on for longer, greater pressure will be placed on sector growth."

"But we've had three years to create a buffer and recover from the last drought, so many of our farmers will be well placed to ride out these domestic and international changes," Dr Greenville said.

The most recent Agricultural Commodities Report is available at:

<https://www.agriculture.gov.au/abares/research-topics/agricultural-outlook>.

Dr Greenville said that aquaculture production value was forecast to increase by 11 percent to \$2.29 billion in the year to June 30, 2023 "driven by higher production values of salmonids, tuna and abalone".

"Salmonids production will see the largest growth, forecasted to increase by 13 percent in 2022-'23 to a record \$1.46 billion following higher prices for salmonids," Dr Greenville said. "Fisheries and aquaculture production is forecast to remain relatively stable in 2023-'24, valued at \$3.7 billion.

"The real total value of fisheries and aquaculture production is projected to decline by 0.7 per cent a year to \$3.44 billion by 2027-'28," Dr Greenville said.

"This reflects lower projected real prices for seafood producers and an easing of growth in the volume of Australia's aquaculture salmonids production," Dr Greenville said.

STANDARD & POOR'S DOW JONES INDICES

Standard & Poor's says that it has promoted Ridley Corp into the S&P ASX300 Index and Synlait Milk into the S&P All Ordinaries Index.

Standard & Poor's said the changes would take effect from the open on March 20, 2023.

QUEENSLAND GOVERNMENT

The Queensland Government says it has invested \$7.5 million in the aquaculture industry to "boost research, development and extension".

A media release from the Minister for Agriculture Industry Development and Fisheries and Rural Communities Mark Furner said the funds were for the Ornatas Toomulla Beach Aquaculture Facility, near Townsville.

The Government said the funds included \$3.8 million for research and development, \$1.5 million for industry development, \$1.1 million to improve regulation and technical guidance, and \$1 million to establish an aquaculture incubator.

The State Government said that a report to farmers showed the Queensland aquaculture industry's fish production increased 16.1 percent from \$193.5 million in the year to June 30, 2021 to \$224.7 million in the year to June 30, 2022, with full-time jobs in Townsville aquaculture doubling from 109 at the end of 2021 to 218 in 2022.

The media release said that state-wide full-time employment in aquaculture had increased 13.1 percent to 889 at the end of 2021, compared to 786 in the previous corresponding period.

Mr Furner said the Government wanted Queensland "to be the aquaculture capital of the world, and our investment will help us to further partner with industry and grow the already world-class reputation of Queensland seafood".

"We've declared more than 9,000 hectares of aquaculture development areas across eight land parcels in the last four years," Mr Furner said.

Ornatas chief executive officer Scott Parkinson said the company had invested more than \$30 million in regional Queensland aquaculture and the company would expand its "pilot grow out facilities to a commercial farming scale, ready to sell into Asian markets with ever growing demand for premium seafood from sustainable sources".

Ornatas is a private company.

QUEENSLAND GOVERNMENT

The Queensland Government says that Emma Gibbons has won the Agrifutures Queensland Rural Women's Award and \$15,000 Westpac grant.

A media release from the Queensland Minister for Agricultural Industry Development and Fisheries and Rural Communities Mark Furner said that Ms Gibbons won the award and grant for her innovative insect-based dog food and "building a successful Queensland business with the help of sustainable agriculture".

The media release said that Ms Gibbons' Coolool Beach-based business Huds and Toke sold dog food and treats made with Australian-farmed insect protein and vegetable surplus and the alternative ingredients meant "both a lower carbon footprint and a reduction in waste".

Agrifutures Australia managing-director John Harvey said that Premier Annastacia Palaszczuk "wants Queensland to be a global hub for [agricultural technologies] and it's innovations like the ones utilised by the finalists that are leading the way".

"It's exciting to see Emma Gibbons already making such a positive influence in her industry and community," Mr Harvey said.

CRESO PHARMA

Creso says it has commitments for \$2.5 million in convertible notes from Melbourne's SBC Global Investment Fund and will pay its debt to New York's Obsidian Global.

Creso said the notes were at an interest rate of eight percent in two tranches, pending shareholder approval, with the first tranche worth \$1,700,000 and the second worth \$800,000.

In January, the company said it had drawn \$500,000 from the convertible note facility it had with New York's Obsidian, taking its previously announced \$5 million raised from Obsidian to \$5.5 million (AVW: Nov 4, 2022; Jan 23, 2023).

Today, Creso said it would pay Obsidian \$US1.1 million (\$A1.63 million) under the terms and conditions of the previously announced convertible notes plus a cash payment of \$US485,000 from the proceeds of the SBC notes and issue it 13,440,924 shares, with Obsidian's convertible notes to be cancelled following these activities.

The company said the convertible notes issue to SBC had a face value of \$1.1111 each and a conversion price of the lesser of four cents or 150 percent of the 5-day volume weighted average price.

Creso said in the period between 60 and 90 days after the purchase date, and on every monthly anniversary after, it would redeem \$250,000 of the first tranche and \$125,000 of the second tranche.

The company said Everblu would act as lead manager for the raising, receive a six percent cash fee of up to \$150,000 and, pending shareholder approval, receive 100 million broker options for every \$2.5 million raised exercisable at eight cents each by January 31, 2027.

Everblu chair Adam Blumenthal was previously Creso's chair.

Creso fell 0.1 cents or 8.3 percent to 1.1 cents with 27.3 million shares traded.

ROOTS SUSTAINABLE AGRICULTURAL TECHNOLOGIES

In response to an ASX query, Roots says it can fund its operations through a 12-to-one consolidation, a placement and a potential share purchase plan.

In a separate announcement, Roots said it hoped to raise \$1,800,000 through the placement of 300,000,000 chess depositary interests (CDIs) at 0.6 cents each, a 25 percent discount to the five-day volume weighted average to the date of issue.

The company said that director Adam Blumenthal's Everblu Capital would act as lead manager and receive six percent of the funds raised.

Roots said its 12-to-one consolidation was pending shareholder approval at a meeting on March 20, and would have a record date of March 24, 2023.

Roots said that as well as the placement, consolidation and share plan, chair Boaz Wachtal and Mr Blumenthal would each provide an interest free loan of \$50,000, for a total of \$100,000.

The company said it had extended repayment of its existing short-term loans of \$210,000 to March 15, 2023 and would use the raised funds to pay existing debts and loans, sales and marketing costs, operating expenses, legal and administrative costs, broker fees and to fund working capital.

Roots said it would hold a general meeting on March 20, 2023 for shareholders to vote on the consolidation, placement and share purchase plan (AVW: Mar 3, 2023).

Roots was unchanged at 0.1 cents.

MGC PHARMA

MGC says it has drawn \$A743,000 from its \$US10 million (\$A15.2 million) draw-down equity facility from Mercer Street, taking the total drawn to \$US2.333 million.

In 2022, MGC said it would issue New York's Mercer Street \$US10 million in convertible securities, with the first tranche of 1.32 million notes at \$US1 each, providing \$US1.20 million and issue Mercer 21,511,545 shares (AVW: Jul 29, 2022).

Later that year, the company said it had drawn \$A800,000 from the draw-down equity facility, taking the total to \$US1.833 million (AVW: Jan 23, 2023).

In February, the company said the Mercer Street had agreed to reduce the minimum conversion price of convertible notes from 1.4 cents to 1.0 cent (AVW: Feb 3, 2023).

MGC was up 0.05 cents or 5.9 percent to 0.9 cents with 1.7 million shares traded.

PHARMAUST

Pharmaust says one dog in its trial of monepantel for canine lymphoma has passed 240-days with "stable disease".

The company said stable disease was assessed by administering veterinarians as a less than 30 percent increase or less than 20 percent decrease in tumor size.

In December, the company said two dogs had a partial response and it required 18 of 46 dogs to exhibit overall clinical benefit including "stable disease" to meet its statistical endpoint, with 33 dogs enrolled in the study (AVW: Dec 22, 2022).

This week, Pharmaust said that of 26 dogs completed, two dogs had a partial response, eight dogs had "stable disease" and 16 dogs had progressive disease.

Pharmaust was unchanged at 8.7 cents.

ANATARA LIFE SCIENCES

Anatara says it has revised its phase I for irritable bowel syndrome study protocol and signed a licencing deal with Sydney's Mucpharm.

Anatara said it had enrolled 50 of 90 planned participants in the trial of its gastro-intestinal re-programming (Garp) pineapple stem bromelain-based complementary medicine for irritable bowel syndrome.

Today, Anatara said the current total enrolled participants was 50, influenced by "an anticipated variable withdrawal rate," and that it expected to reach the 90-participant target for stage one of the trial by July 2023, "slightly later than previously indicated" with the first stage interim analysis expected earlier than October, 2023.

Anatara said it had hired Melbourne's Propharma Group as its clinical research organization, and would focus on "new Garp trial criteria" for irritable bowel syndrome, excluding only the constipation subset, as well as address "screen failure inconsistencies".

In 2021, Anatara said it had approval for a 200-patient trial of Garp for irritable bowel syndrome with diarrhoea (AVW: Feb 8, Aug 20, 2021).

The company said up-to six sites would be established with an interim safety and efficacy analysis of two strengths of Garp against placebo after stage one.

Anatara said Mucpharm had licenced technology from its portfolio for use in mucin producing cancers and biofilms and that it would receive royalties on sales and sub-licencing, but did not disclose the commercial details nor specify the licenced technology.

The company said that Mucpharm was "focused on the treatment of mucin-containing and secreting conditions" and was developing the novel use of Bromac, a combination of bromelain and acetylcysteine, in fields including cystic tumours.

Anatara was unchanged at 2.8 cents with one million shares traded.

AUSCANN GROUP HOLDINGS

Auscann says it will “partially privatize” its animal health business, Cannpal Animal Therapeutics Pty Ltd by divesting 52 percent to Animal Health Holdings Pty Ltd.

In 2020, Auscann and Cannpal said they had a scheme of arrangement for Auscann to acquire Cannpal (AVW: Nov 20, 2020).

Today, Auscann said that Animal Health Holdings was a “special purpose vehicle” which would assume responsibility for all expenses for development and commercialization of Cannpal’s animal health assets.

The company said that the partial divestment would see it retain a 48 percent “free carried interest in Cannpal” and was expected to enable quicker research and development progress, reduce overheads, allow Cannpal to access alternative funding sources and remove its obligation for Cannpal related expenses.

Auscann said the partial divestment allowed it to retain “certain beneficial rights” including a pre-emptive right to supply raw marijuana materials for Cannpal products and options to re-acquire the shares in Cannpal for nominal consideration of \$1 to \$2 the failure of the Cannpal to reach agreed development and commercialization milestones.

The company said the first milestone was the registration of Dermacann as an approved veterinary medicine in Australia and New Zealand within 12 months of the agreement date and the second milestone was a phase II study of CPAT-01 and a payment for a research agreement with a clinical research organization within 24 months.

Auscann said it was not required to obtain shareholder approvals for the partial divestment, which it said was expected to be completed by March 31, 2023.

Auscann said that Animal Health Holdings would be controlled by its outgoing chief executive officer Layton Mills and outgoing chief scientific officer Dr Margaret Curtis. Auscann was in a suspension at four cents.

MGC PHARMACEUTICALS

MGC says an in-vitro, mechanism of action study for its plant-based, anti-inflammatory oral spray Cimetra shows a reduction of inflammation.

MGC said the study would administer Cimetra, containing Curcuma longa (turmeric) and Boswellia serrata (Indian frankincense), to human peripheral blood mono-nuclear cells while stimulating an immune response and cytokine generation with a lipopolysaccharide. The company said Cimetra suppressed the presence of the IL-32 mRNA protein and therefore cytokine generation and inflammation.

MGC said the study also showed an increase in intracellular heme-oxygenase-1 levels, an enzyme that could enhance antioxidant activity and protect against oxidative stress, which could further help reduce inflammation.

FOOD REVOLUTION GROUP

Food Revolution says its extraordinary general meeting held on March 6, 2023 approved a four-to-one consolidation, with a record date of March 10, 2023.

Food Revolution said that 94.3 percent of votes supported the consolidation, with 96.2 percent in favor of the name change to the Original Juice Company and 99.8 percent approving the election of former Premier of Victoria and company chair Jeffrey Kennett as a none-executive director (AVW: Feb 3, 2023).

The company said that the 946,761,672 shares before the consolidation would be equivalent to 236,690,418 post-consolidation shares.

Food Revolution fell 0.2 cents or 1.8 percent to 11 cents.

COSTA GROUP HOLDINGS

Sydney's Citigroup says it has increased its substantial shareholding in Costa from 30,008,355 shares (6.4597%) to 37,468,761 shares (8.0628%).

Citigroup said it bought and sold shares on March 2, 2023, with 7,532,215 shares acquired under lending agreements, but did not disclose the consideration.

Costa fell six cents or 2.4 percent to \$2.42 with 922,429 shares traded.

AUSTRALIAN AGRICULTURAL CO

The AA Trust for the Tavistock Group says it has increased its holding in Australian Agricultural from 301,811,343 shares (50.071%) to 307,940,850 shares (51.088%).

The notice named Bryan Ginton as trustee for the AA Trust and its associate, INT Investments, Christopher Mangum as the first successor trustee, Jason Callender as second successor trustee, Joseph Lewis as the settlor and protector, Vivienne Lewis as the first successor protector and Charles Lewis as second successor protector.

Previously, an Australian Agricultural spokesperson identified the Tavistock Group as the company's largest shareholder (AVW: Sep 16, 2022).

Today, the AA Trust said that between October 11, 2022 and March 8, 2023, it bought 6,129,507 shares at prices ranging from \$1.61049 to \$1.85862.

Australian Agricultural fell two cents or 1.2 percent to \$1.60.

CLOVER CORPORATION

Perpetual says it has increased its substantial shareholding in Clover from 12,371,752 shares (7.408%) to 14,521,133 shares (8.695%).

The Sydney-based Perpetual said it bought and sold shares on March 2 and 3, 2023, with the single largest purchase 824,282 shares for \$1,038,595 or \$1.26 a share.

Clover fell 9.5 cents or 7.1 percent to \$1.25.

NEXT SCIENCE

Founder and chief technology officer Dr Matthew Myntti says he has ceased his substantial holding in Next Science.

In 2022, Dr Myntti said he held 12,774,989 shares (5.95%) (AVW: Nov 11, 2022).

Today, Dr Myntti said that between April 12, 2022 and March 7, 2023, he sold and transferred shares, with the single largest sale on March 7, 2023 of 1,320,000 shares for \$849,420, or 64.35 cents a share.

Next Science fell 4.5 cents or 6.4 percent to 65.5 cents.

SELECT HARVESTS

In an Appendix 3Z Final Director's Notice, Select Harvests managing direction Paul Thompson said he resigned as a director, effective March 3, 2023.

In November, Select Harvests said David Surveyor would replace Mr Thompson as managing-director in "early 2023" (AVW: Nov 11, 2022).

Select Harvests was unchanged at \$4.02.

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