

Ag & Vet Weekly



Monday April 3 - Thursday April 6, 2023

All the news on ASX-listed agriculture and veterinary companies

- * **ASX, AVW-41 DOWN: ANATARA UP 30%; SEAFARMS DOWN 14%**
- * **NEW SOUTH WALES AGRICULTURE, INDUSTRY, INNOVATION MINISTERS**
- * **AVECHO RIGHTS FOR \$11m**
- * **BOTANIX PLACEMENT RAISES \$10m**
- * **ELIXINOL RAISES \$2.25m IN PLACEMENT, SHARE PLAN**
- * **SUSTAINABLE NUTRITION OKAYS ELIXINOL CAPITAL RAISE**
- * **MEMPHASYS 1st JAPAN FELIX SALE, 1st INDIA FELIX LIVE BIRTH**
- * **NANOLLOSE INCREASES NULLARBOR CELLULOSE TO 30% IN FIBRE**
- * **FONTERRA FARMGATE MILK MIDPOINT \$7.74/kgMS**
- * **SEAFARMS: CANSTRUCT WANTS SEA DRAGON DEED TERMINATED**
- * **BOTANIX: FDA MID-CYCLE REVIEW OKAYS SOFPIRONIUM BROMIDE**
- * **ROOTS TAKES 'CAPITAL RAISING' HALT TO SUSPENSION**
- * **AUSCANN SELLS PERTH PREMISES FOR \$6.75m**
- * **SLOVENIA APPROVES MGC PSILOCYBIN RESEARCH**
- * **ELIXINOL LOSES PAUL BENHAIM, OLIVER HORN; RON DUFFICY M-D**

MARKET REPORT

The Australian stock market fell 0.25 percent on Thursday April 6, 2023, with the ASX200 down 18.2 points to 7,219.0 points. Twelve of the AVW-41 stocks were up, 16 fell, seven traded unchanged and six were untraded.

Anatara was the best on no news, up 0.9 cents or 30 percent to 3.9 cents, with 44,807 shares traded. Elixinol climbed 15.8 percent; Nanollose was up 11.4 percent; Memphasys rose 5.6 percent; RLF was up 4.8 percent; Bega and Cann Group were up more than three percent; Australian Agricultural and Wellnex improved more than one percent; with Nufarm, Ridley and Synlait up by less than one percent.

Seafarms led the falls, down 0.1 cents or 14.3 percent to 0.6 cents, with 14.4 million shares traded. MGC lost 9.1 percent; Botanix, Cobram, Creso, Pharmaust and Synlait fell more than four percent; Murray Cod was down 3.45 percent; Ecofibre, Next Science and Terragen all shed 2.8 percent; A2, Costa and Elders were down more than one percent; with Clover and Fonterra down by less than one percent.

NEW SOUTH WALES GOVERNMENT

Following the March 25, 2023 New South Wales State election, Premier Chris Minns has formed a minority Labor government and appointed Ministers.

Mr Minns New South Wales Government website said that Tara Moriarty had been appointed as the Minister for Agriculture and Anoulack Chanthivong was appointed as the Minister for Industry and Trade, as well as the Minister for Innovation, Science and Technology

AVECHO BIOTECHNOLOGY

Avecho says it hopes to raise about \$11 million in a non-renounceable, one-for-one rights offer at 0.6 cents a share, a 33.33 percent discount to the last closing price.

Avecho said it would issue three options for every two shares purchased, exercisable at 1.2 cents each within three years of issue.

The company said the funds would be used to progress its phase III trial of its tocopheryl phosphate mixture (TPM) oral marijuana-based cannabidiol (CBD) product for insomnia, including manufacturing costs, patient recruitment, investigator and site costs and contract research organization management.

Avecho said Peak Asset Management and CPS Capital were joint lead managers of the offer, which was not underwritten.

The company said the entitlement offer had a record date of April 6, it would open on April 13 and close on May 3, 2023.

Avecho was unchanged at half a cent with 2.1 million shares traded.

BOTANIX PHARMACEUTICALS

Botanix says it has "firm commitments" for a placement to raise \$10.0 million at nine cents a share, a 10 percent discount to the closing price on March 31, 2023.

Botanix said the funds would be used for the launch of its sofipironium bromide for primary axillary hyperhidrosis, or excessive sweating, which would include a US Food and Drug Administration review, manufacturing costs and satisfying milestone payments.

The company said Jefferies (Australia) Pty Ltd and Euroz Hartleys were joint lead managers and bookrunners for the placement

Botanix fell half a cent or 4.8 percent to 10 cents with 3.6 million shares traded.

ELIXINOL WELLNESS

Elixinol says it has 'firm commitments' for a \$1.25 million placement and a \$1.0 million fully underwritten, share plan at 1.8 cents a share, with one-for-one attaching options.

Elixinol said the placement and share purchase plan were at a 25 percent discount to the closing price on March 31, 2023.

The company said the options were exercisable at 2.0 cents each, within two years.

Elixinol chief executive officer Ron Dufficy said the funds would be used to improve its balance sheet and to strengthen its financial position as it moved to complete the proposed acquisition of the Sustainable Nutrition Group.

Last year, Elixinol said it would acquire the Sustainable Nutrition Group through a scheme of arrangement, valuing its target at about \$4 million (AVW: Dec 2, 2022).

Elixinol said the share plan had a record date of April 4, would open on April 17 and close on May 5, 2023.

Elixinol was up 0.3 cents or 15.8 percent to 2.2 cents.

ELIXINOL WELLNESS, SUSTAINABLE NUTRITION GROUP

Sustainable Nutrition says it has consented to Elixinol's placement and share purchase plan given that it will strengthen Elixinol's financial position as a merger partner.

In November, Elixinol said it would acquire Sustainable Nutrition through a scheme of arrangement for about \$4 million in scrip (AVW: Dec 2, 2022).

This week, Sustainable said the first court hearing for the scheme of arrangement would be in early May, with an implementation date in late June 2023.

Sustainable Nutrition was untraded at 1.7 cents.

MEMPHASYS

Memphasys says it has its first commercial sale of 30 sterile single-use Felix cartridges in Japan and reported the first birth using the Felix sperm separator in India.

Memphasys said it sold 30 units of its Felix in-vitro fertilization cartridges and console to Kobe assisted reproductive technology clinic in Japan but did not disclose the terms of the sale.

The company said that Coimbatore Women's Hospital Centre in Tamil Nadu, India had reported the first birth of a healthy boy using the Felix system.

Memphasys said it has had to suspend sales of Felix in India following Central Drugs Standard Control Organisation changes on August 9, 2022, but had submitted a voluntary product registration and had plans to manufacture Felix in India to expedite the review process and reduce manufacturing costs.

Memphasys was up 0.1 cents or 5.6 percent to 1.9 cents.

NANOLLOSE

Nanollose says it has raised the content of its tree-free Nullarbor fibre technology to 30 percent of fibre spun by Birla Cellulose, producing the first batch of Nullarbor-30.

Last month, Nanollose said it had extended its tree-free cellulose fibre agreement with Grasim Industries' Birla Cellulose and said both companies would jointly own the intellectual property developed (AGW: Mar 24, 2023).

This week, the company said that a second pilot production program produced about 150 kilograms of Nullarbor-30, which was 30 percent microbial cellulose and 70 percent Forest Stewardship Council (FSC) certified wood pulp.

Nanollose said the program also produced about 90 kilograms of Nullarbor-20, which was a lyocell fibre blend stronger than conventional lyocell and made of 20 percent microbial cellulose and 90 percent FSC certified wood pulp.

Nanollose said a third pilot spin was scheduled to be completed by June 31, 2023, with fibres from the completed second program to be used to produce fabrics and garments with selected partners.

Nanollose executive chair Dr Wayne Best said the results continued to advance the understanding and development of Nullarbor fibre technology.

"The key objective of the second pilot run, to increase the microbial cellulose content, was achieved and provides us with significant momentum for the next pilot production run," Dr Best said.

"With these results now under our belt, we look forward to working with our network of leading fashion brands and manufacturing partners to advance the commercialization of our innovative and eco-friendly Nullarbor fibres and fabrics," Dr Best said.

Nanollose was up half a cent or 11.4 percent to 4.9 cents.

FONTERRA SHAREHOLDERS FUND

Fonterra says it has reduced its 2022-'23 forecast farmgate milk price range from \$NZ8.20 to \$NZ8.80 per kilo of milk solids to \$NZ8.00 to \$NZ8.60 (\$A7.46 to \$A8.02) KgMS, with the midpoint reduced to \$NZ8.30 (\$A7.74).

Last month, Fonterra said the farmgate midpoint was \$NZ8.50 (AVW: Feb 24, 2022).

Fonterra chief executive officer Miles Hurrell said prices declined or remained flat due to demand from China not yet returning to expected levels and reduced Northern Hemisphere milk production and powder stocks.

Fonterra fell one cent or 0.3 percent to \$3.17.

SEAFARMS GROUP

Seafarms says that Canstruct has served it Federal Court orders that Project Sea Dragon's deed of arrangement be terminated and a liquidator appointed.

Last week, Seafarms said it had signed the deed of company arrangement to retake control of Project Sea Dragon, with the deed expected to be effective "on or about" April 28, 2023 (AVW: Mar 31, 2023).

The previous week, the company said it would pay \$3.5 million to creditors to retake control of its Project Sea Dragon black tiger prawn aquaculture venture, following the Project's voluntary administration and Seafarms suspension (AVW: March 24, 2023).

In February, Seafarms said the adjudicator of its dispute with Brisbane contractor Canstruct for its Project Sea Dragon in northern Australia said it owed Canstruct \$15.29 million (AVW: Feb 10, 2023).

At that time, Seafarms chief executive officer Rod Dyer said the company believed the determination to be "excessive" and was considering its next steps, including legal redress.

This week, the company said it was seeking legal advice in relation to the proceedings and intended to "vigorously defend the proceedings".

Seafarms fell 0.1 cents or 14.3 percent to 0.6 cents with 14.4 million shares traded.

BOTANIX PHARMACEUTICALS

Botanix says its sofpironium bromide for primary axillary hyperhidrosis, or excessive sweating, has passed a US Food and Drug Administration mid-cycle review.

Last year, Botanix said it had filed a new drug application for sofpironium bromide topical gel and the application was under review (BD: Sep 26, Dec 8, 2022).

Botanix said the FDA mid-cycle review identified no clinical safety issues, risk management issues or advisory board requirements.

The company said the review was ongoing and continued discussions with the FDA would focus on labelling, clinical outcome assessments, patient instructions and brand name.

Botanix said it remained on-track to reach its planned approval date for sofpironium bromide in September, 2023.

ROOTS SUSTAINABLE AGRICULTURE TECHNOLOGIES

Roots says it has requested a voluntary suspension to follow the April 4, 2023 trading halt, "pending an announcement in relation to a capital raising".

Roots said it expected the suspension to last until April 12 or on an announcement.

Roots last traded at 1.4 cents.

AUSCANN GROUP HOLDINGS

Auscann says it has entered a conditional contract for the sale of its Wangara, Perth premises for \$6,750,000 to Optral Pty Ltd.

Auscann said it expected to settle the sale on June 8, 2023 and the funds would be used “for a proposed material acquisition and working capital”.

Auscann was in a suspension and last traded at four cents.

MGC PHARMACEUTICALS

MGC says it has received Slovenian Ministry of Health permission for the research and development of the mushroom-derived psychedelic compound psilocybin.

MGC said the approval covered the development of analytical methods, research of physical-chemical properties and development of pharmaceutical forms for Psilocybin.

The company said it planned to work with other pharmaceutical businesses and provide research capabilities for understanding psilocybin.

MGC managing-director Roby Zomer said the obtained permission put “the company at the forefront of experimental, pharmaceutical research”.

MGC fell 0.1 cents or 9.1 percent to one cent.

ELIXINOL WELLNESS

Elixinol says founder Paul Benhaim and Oliver Horn have retired as directors, effective today, with chief executive officer Ron Dufficy promoted to managing director.

Elixinol said the retirement of the non-executive directors was part of its long-term strategy, which included reducing corporate costs.

The company said it thanked both Mr Benhaim and Mr Horn “for their valuable contribution and strong support with assisting the navigation of the company’s revised strategy over the past year”.