

Ag & Vet Weekly



Monday July 10 - Friday July 14, 2023

All the news on ASX-listed agriculture and veterinary companies

- * **ASX, AVW-42 UP: ELIXINOL UP 17%; MGC DOWN 20%**
- * **FARMERS FOR CLIMATE ACTION EL NIÑO WEBINAR**
- * **MEAT AND LIVESTOCK AUSTRALIA: SEAWEED 28% METHANE REDUCTION**
- * **BUBS: ALICE FAILS TO MEET CONTRACTUAL OBLIGATIONS**
- * **ALTHEA MARIJUANA RECEIPTS UP 51% TO \$33.1m**
- * **COBRAM: CBA EXTENDS DEBT FACILITY TO \$93m; 12.5m LITRE HARVEST**
- * **MGC HOPES FOR \$1.245m; \$95k CONVERTIBLE NOTE; TOTAL \$1.34m**
- * **PHARMAUST: MONEPANTEL SUPPRESSES MND BIOMARKERS**
- * **MEMPHASYS GRANTED 2 AUSTRALIAN FELIX PATENTS**
- * **WILSON ASSET MANAGEMENT TAKES 6.7% OF SELECT HARVESTS**
- * **COSTA GROUP APPOINTS MARC WERNER DEPUTY CEO**
- * **MING LIM-POLLARD REPLACES FONTERRA MILK PANEL'S BRUCE HASSAL**

MARKET REPORT

The Australian stock market was up 0.78 percent on Friday June 30, 2023, with the ASX200 up 56.2 points to 7,303.1 points. Fifteen of the AVW-42 stocks were up, 12 fell, seven traded unchanged and eight were untraded.

Elixinol was the best, up 0.2 cents or 16.7 percent to 1.4 cents, with 529,687 shares traded. Tasfoods climbed 14.3 percent; Sustainable Nutrition was up 11.1 percent; Bio-Gene and Epsilon rose more than eight percent; Memphasys was up 6.25 percent; Botanix and Nanollose were up more than three percent; Clean Seas and Next Science rose more than two percent; A2, Bega and Elders were up more than one percent; with Costa and Nufarm up by less than one percent.

MGC led the falls, down 0.1 cents or 20.0 percent to 0.4 cents, with 34.4 million shares traded, followed by Melodiol (Creso) down 10 percent to 0.9 cents, with 51.0 million shares traded. Cann Group lost 7.7 percent; Bubs fell 5.8 percent; Cobram and Murray Cod were down three percent or more; Apiam and Ecofibre shed more than two percent; Pharmaust and Select Harvests were down more than one percent; with Australian Agricultural and Synlait down by less than one percent.

FARMERS FOR CLIMATE ACTION

Farmers for Climate Action says it will host a webinar on July 20, 2023 to help farmers better understand the coming El Niño weather conditions.

The organization said that many farmers were concerned about El Niño-related warmer, drier conditions and weather variability in eastern Australia this spring and summer.

Farmers for Climate Action spokesperson and Harden, New South Wales farmer Peter Holding said “the Bureau of Meteorology hasn’t called it yet, but it says there’s a 70 percent chance we’ll have an El Niño this year”.

“It’s also worried dry conditions could be compounded by a positive Indian Ocean Dipole,” Mr Holding said.

“While we adapt and mitigate on-farm, we need to know the rest of the economy is doing its bit to reduce emissions and tackle climate change, which is causing more frequent and severe weather events,” Mr Holding said.

The organization said Bureau of Meteorology senior climatologist Catherine Ganter and Birchip Cropping Group chief executive officer Fiona Best would be among the speakers at the webinar.

For details, go to: <https://farmersforclimateaction.org.au/portfolio/2023-el-nino-webinar/>.

MEAT AND LIVESTOCK AUSTRALIA

Meat and Livestock Australia says a study of Asparagopsis oil shows it reduces cattle methane emissions by 28 percent, far below the claimed 80 and 98 percent claims.

Last year, Ag & Vet Weekly reported that a Commonwealth Scientific and Industrial Research Organisation 28-cow, farm-based trial which showed that a 0.2 percent Asparagopsis taxiformis supplement added to daily feed reduced a cow’s methane output by 98 percent (AVW: Feb 18, 2022).

In 2020, the Commonwealth Scientific and Industrial Research Organisation said that an Asparagopsis taxiformis-based additive had been shown to reduce methane emissions in beef and dairy cattle by more than 80 percent in trials in Australia and the US (AVW Aug 21, 2020).

This week, Meat and Livestock Australia said that at 275 days the University of New England study, led by Dr Fran Cowley, was “the longest feeding trial of an Asparagopsis product reported to-date”

The industry organization said that 25mg/kg of the oil reduced methane production by 28 percent and methane yield by 22 percent.

The organization said the study aimed “to understand the methane mitigation achievable in long-fed Wagyu production systems, and the implications for cattle feedlot performance, and carcase grading, residues and trained sensory panel evaluation”.

Meat and Livestock Australia said the Asparagopsis oil reduced feed intake by 7.93 percent without improving feed efficiency, resulting in a 9.38 percent reduced live weight gain in cattle and a trend towards reduced carcase weight by 15.1kg.

The organization said that due to the decline in liveweight, methane intensity did not differ between treatments.

Meat and Livestock Australia said other carcase grading traits were not affected by Asparagopsis oil supplementation, and there was no effect on trained sensory panel attributes

Meat and Livestock said results of two additional projects would be published in 2024 and the further research was required to refine feeding protocols for Asparagopsis oil supplements to overcome intake depression in Wagyu cattle.

BUBS

Bubs says Alpha Professional Holding's subsidiary Alice Trading has failed to meet its contractual obligations to its subsidiary Infant Food Company.

In June, Bubs said former chair Dennis Lin and former chief executive officer Kristy Carr requisitioned an extraordinary general meeting under 249D of the Corporations Act, calling for James Jackson, Peter Nathan and Rupert Soar to replace directors Katrina Rathie, Steven Lin, Paul Jensen and Reg Weine (AVW: Jun 2, 2023).

This week, the company said Bubs had accepted Alice Trading's repudiation of the sale and purchase agreement and terminated it, with legal proceedings to collect the debts and other outstanding amounts due from Alice and requisitioner Willis Trading.

Bubs said that legal proceedings to collect the debts and other outstanding amounts due from Alice and requisitioner Willis Trading Pty Ltd would be commenced to protect shareholders' interests.

Bubs fell 1.5 cents or 5.8 percent to 24.5 cents with 3.85 million shares traded.

ALTHEA GROUP HOLDINGS

Althea says customer receipts for the year to June 30, 2023 were up 50.8 percent to \$33,100,000 compared to the previous corresponding period.

Althea said it had \$19.2 million from the sale of recreational marijuana products, while pharmaceutical marijuana products account for \$13.9 million of its receipts.

The company said for the three months to June 30 it had \$6 million in sales of its recreational marijuana products and \$3.5 million from pharmaceutical marijuana.

Althea said it had \$4,278,000 in cash and equivalents at June 30, 2023, or 11.6 quarters of cash, compared to \$6,569,000 at June 30, 2022.

Althea was unchanged at 4.7 cents.

COBRAM ESTATE OLIVES

Cobram says the Commonwealth Bank of Australia has increased its debt facility from \$58 million to \$93 million and extended it from October 2024 to November 2027.

According to the Cobram annual report for the year to June 30, 2022, the core debt facility was \$58 million with a term to October 2024, but did not specify the Commonwealth Bank of Australia.

This week, the company said the Commonwealth Bank of Australia had "extended its core debt facilities out to November 2027".

"In addition, the CBA has increased the core debt by \$35 million above current limits," Cobram said.

The company said it had finalized the Australia olive oil harvest at 12.5 million, down on the previously announced range of 12.6 million to 13.2 million litres.

Cobram said that the lower-than-expected crop was "driven by the unusually cold and shorter growing season delivering lower-than-average oil content in the fruit combined with smaller-than-normal fruit size".

"Olive oil quality is excellent, with an historical high percentage of the oil produced being classified as premium or ultra-premium extra virgin olive oil," the company said.

Cobram said it would have sufficient oil supply to meet the requirements of its packaged goods sales plan for the next 12 months.

Cobram fell four cents or three percent to \$1.30.

MGC PHARMACEUTICALS

MGC says it hopes to raise GBP650,000 (\$A1.245 million) at 0.12 pence (0.23 Australian cents) a share and GBP50,000 (\$A95,000) from a convertible note.

MGC said its chief executive officer Roby Zomer took up a convertible loan agreement from the company.

The company said the issue price for the capital raising was a 57 percent discount to the closing price of 0.28 pence on the London Stock Exchange on July 12 and a 62 percent discount to the closing price of 0.6 cents on the ASX, prior to the announcement, with one option for each share subscribed, exercisable at 0.12 pence or 0.23 cents within one year. MGC said it would use the funds for general working capital purposes, and required shareholder approval to issue 89,308,052 of the options.

MGC said Oberon Investments Ltd was the broker for the raising.

On the London Stock Exchange last night, MGC fell 0.02 pence or 5.45 percent to 0.26 pence with 4,122,397 shares traded, having listed on the LSE at 2.38 pence, following a GBP6.5 million (\$A11.6 million) capital raise at 1.475 pence (AVW: Feb 12, 2021).

MGC fell 0.1 cents or 20.0 percent to 0.4 cents with 34.4 million shares traded.

PHARMAUST

Pharmaust says data from six patients in its phase I/II trial of monepantel shows a "significant decrease" of motor neuron disease biomarker p75ECD.

Pharmaust said urinary neurotrophin receptor p75 extracellular domain (p75ECD) was reduced in all six patients, indicating no evidence of overall disease progression.

The company said that p75ECD and creatinine ratios were reduced for three of six subjects, unchanged for two and increased for one subject.

Last week, Pharmaust said data from the trial showed the drug might suppress the inflammation responsible for motor neuron disease (AVW: Jul 7, 2023).

The previous week, the company said it had dosed all 12 patients in cohort three of its open label trial of monepantel for motor neuron disease (AVW: Jun 30, 2023).

Pharmaust fell 0.1 cents or 1.2 percent to eight cents.

MEMPHASYS

Memphasys says the Australian Patent Office has granted two patents relating to its Felix sperm separation system.

Memphasys said the first patent was titled 'Electrophoresis device' and the second patent was titled 'Sperm separation by electrophoresis', and both would protect its intellectual property until October 20, 2037.

The company said both patents had been granted in China, Japan and the US, with European Union approval pending.

Memphasys was up 0.1 cents or 6.25 percent to 1.7 cents.

SELECT HARVESTS

Wilson Asset Management say it has increased its substantial shareholding in Select Harvest from 6,886,449 shares (5.69%) to 8,162,469 shares (6.74%).

The Sydney-based Wilson said that between November 28, 2022 and July 10, 2023 it bought and sold shares, with the single largest purchase on May 12 of 384,991 shares for \$1,737,362 or \$4.51 a share.

Select Harvests fell eight cents or 1.9 percent to \$4.22 with 315,229 shares traded.

COSTA GROUP HOLDINGS

Costa says it has appointed chief operating officer Marc Werner as its deputy chief executive officer, supporting interim chief executive officer Harry Debney.

Costa said that following the indicative proposal from Paine Schwartz Partners to buy the company, it considered the importance of providing appropriate leadership attention on the potential acquisition while continuing to ensure the company was focused on operations and ensuring an optimal outcome for the 2023 financial year.

Last week, the company said the San Mateo, California-based Paine Schwartz Partners LLC had offered \$3.50 a share, valuing it at \$1.6 billion, excluding a proposed four cent dividend, to acquire Costa (AVW: Jul 7, 2023).

This week, Costa said that Mr Debney would have to devote considerable time to the acquisition, so it had appointed Mr Werner to support him.

Costa said Mr Debney would continue as chief executive officer until December 31, 2023 and it had paused its recruitment process for the time being, with the decision to be revisited once there was greater certainty regarding the proposed acquisition.

Costa was up one cent or 0.3 percent to \$3.30 with 1.7 million shares traded.

FONTERRA CO-OPERATIVE GROUP

Fonterra says it has appointed Ming Lim-Pollard to its milk price panel, replacing Bruce Hassall.

Fonterra said Ms Lim-Pollard was appointed by the New Zealand Minister of Agriculture Damien O'Connor in accordance with the Dairy Industry Restructuring Act 2001.

The company said Ms Lim-Pollard had held roles at Citibank, National Australia Bank (NAB) and Bank of New Zealand, and was head of Titan New Zealand Funding Trust and found of financial services provider Endeavour Services.

Fonterra said it had to appoint two nominees of the Minister of Agriculture, following changes to the Dairy Industry Restructuring Act in 2022, with Prof Hamish Gow previously appointed.

Fonterra was untraded at \$3.18.