

Ag & Vet Weekly



Monday August 16 – Friday August 20, 2021

All the news on ASX-listed agriculture and veterinary companies

- * **ASX, AVW-42 EVEN: ELIXINOL UP 5%; WELLNEX DOWN 7%**
- * **TWIGGY'S 18.5% SPARKS JBS HUON TAKEOVER OFFER**
- * **COOKE CONFIRMS INTEREST IN HUON**
- * **TAMP TO TREASURER, FIRB: 'BLOCK JBS HUON BID'**
- * **TASSAL REVENUE UP 6% TO \$594m, PROFIT down 50% TO \$35m**
- * **ELIXINOL H1 REVENUE DOWN 39% TO \$4.8m, LOSS DOWN 87% TO \$11m**
- * **PHARMAUST REVENUE DOWN 33% TO \$2.1m, LOSS DOWN 2% TO \$1.3m**
- * **EPSILON, TETRA, TERRY WHITE MELBOURNE MARIJUANA CLINIC**
- * **CRESO: HALUCENEX WINS CANADA PSYCHEDELICS DEALER LICENCE**
- * **ROOTS 32-VOTE AGM, 169m CDIS TO EVERBLU, DIRECTORS**
- * **ANATARA LAUNCHES IBS-D TRIAL RECRUITMENT WEBSITE**
- * **CHAIR IAN TRAHAR, GABOR TAKE 27.5% OF SEAFARMS**
- * **JANET CAMERON TAKES 19.8% OF SEAFARMS**
- * **NIPPON SUISAN KAISHA DILUTED TO 6% IN SEAFARMS**
- * **REGAL FUNDS BELOW 5% IN CLEAN SEAS**
- * **CVC DILUTED TO 14.7% IN TASFOODS**
- * **NANOLLOSE CHAIR WAYNE BEST, DEBRA BEST INCREASE, DILUTED TO 6%**
- * **WINTON WILLESEE, AZALEA INCREASE, DILUTED TO 5.4% OF NANOLLOSE**
- * **JOHN MOURSOUNDIS DILUTED BELOW 5% IN NANOLLOSE**
- * **JASON MACLAURIN BELOW 5% OF NANOLLOSE**
- * **SYNLAIT APPOINTS NIGEL MACDONALD OPERATIONS DIRECTOR**
- * **FONTERRA APPOINTS KATE DALY M-D PEOPLE, CULTURE**

MARKET REPORT

The Australian stock market slipped 0.05 percent on Friday August 20, 2021, with the ASX200 down 3.7 points to 7,460.9 points. Fifteen of the AVW-42 stocks were up, 14 fell, 10 traded unchanged and three were untraded.

Elixinol was the best, up 0.5 cents or 4.55 percent to 11.5 cents, with 957,351 shares traded. Avecho, Murray Cod and Tassal climbed more than three percent; Cobram, Select Harvests and Wide Open rose more than two percent; Memphasys, Next Science, Palla Pharma, Seafarms and Synlait were up more than one percent; with Costa, Elders and Pharmaust up by less than one percent.

Wellnex led the falls, down one cent or 7.1 percent to 13 cents, with 1.3 million shares traded. Epsilon lost 6.25 percent; Food Revolution fell four percent; AP Hemp, Apiam and Ecofibre were down more than three percent; Terragen shed two percent; A2, Auscann, Cann Group and Nanollose were down more than one percent; with Bega, Huon and Nufarm down by less than one percent.

HUON AQUACULTURE

Huon says that following Dr Andrew Forrest taking 18.5 percent of the company Brazil beef farmer JBS would make a takeover bid in parallel to the schemes of arrangement. After the market closed last Friday, Huon said that the offer was at the same rate of \$3.85 a share, announced in the scheme of arrangement announced after the market closed the previous Friday (AVW: Aug 13, 2021).

Huon said that the new offer was subject to a 50.1 percent minimum acceptance condition, as compared to the 75 percent requirement in a scheme of arrangement.

The company said it considered the scheme and offer to be in the best interests of shareholders and unanimously recommended shareholders vote in favor of the schemes and accept the offer, subject to qualifications.

Ag & Vet Weekly understands that with Dr Andrew Forrest and Tattarang taking an 18.5 percent stake in Huon, that the 75 percent threshold for the schemes of arrangement might not be met.

Ag & Vet Weekly understands that for the offer to be finalized, JBS would need Federal Government Foreign Investment Review Board approval.

The Tasmanian Alliance for Marine Protection co-chair Peter George told Ag & Vet Weekly that his group had written to both the Federal Treasurer Joshua Frydenberg and the Foreign Investment Review Board opposing the takeover (see below).

Huon said it was “and continues to be uncompromising in its commitment to the highest standards of animal husbandry, biosecurity, environmental management and sustainable farming practices”.

The company said that JBS “also confirmed its commitment to ensuring the well-being of animals under its care and to upholding and building on Huon's legacy of high standards for superior quality, fish health, welfare and sustainable farming practices under its ownership”.

Huon said that JBS intended to provide further detail regarding its application of best practice standards in animal welfare and environmental sustainability for inclusion in the scheme booklet.

Huon fell three cents or 0.8 percent to \$3.82 with 359,647 shares traded.

COOKE AQUACULTURE, HUON AQUACULTURE

Ag & Vet Weekly has confirmed that the Blacks Harbour, New Brunswick-based Cooke Aquaculture is interested in Huon Aquaculture, currently the JBS takeover target.

"Cooke is interested in exploring future opportunities in Tasmanian salmon farming," Cooke's head of public relations Joel Richardson said.

Mr Richardson said he could confirm the statements made by chief executive officer Glenn Cooke that the Canadian company wanted to "grow responsibly" and believed that Tasmania was "an attractive state to invest in".

Mr Richardson said that Cooke Aquaculture was started in 1985 by chief executive officer Glenn Cooke, his father Gifford and brother Michael, and remained a family-owned private business.

Mr Richardson said Cooke Aquaculture had Atlantic salmon farming operations in Atlantic Canada, the US, Chile, and Scotland as well as seabass and seabream farming operations in Spain and "one of the largest premium shrimp farms in Latin America".

"Cooke Aquaculture ... [has] mandated sustainability, environmental and biodiversity policies enshrined within their operating and reporting practices ... [and] to demonstrate our environmental credibility, all divisions maintain external certification," he said.

Mr Richardson said that Cooke's aim was "to grow responsibly, and this means modest expansion, putting fish health and environmental sustainability at the forefront of our growth strategy".

TASMANIAN ALLIANCE FOR MARINE PROTECTION

The Tasmanian Alliance for Marine Protection says it has written to Federal Treasurer and the Foreign Investment Review Board opposing the JBS acquisition of Huon.

The Alliance told Ag & Vet Weekly it had written to Federal Treasurer Joshua Frydenberg and the Foreign Investment Review Board chair David Irvine "to ask that you use your foreign investment review powers to reject the proposed takeover of Australia's second largest salmon farming company Huon Aquaculture by the Brazilian-owned JBS".

The Tasmanian Alliance for Marine Protection (Tamp) said that apart from its own concerns "two of the most influential members of the US Senate" had written to the US Secretary of the Treasury, detailing "the long-standing tawdry track record of JBS and of Joesley and Wesley Batista who hold a controlling interest in JBS".

"Their record, in the US and elsewhere, includes convictions and massive fines for bribery and corruption, involvement in destruction of Amazon rainforests to enhance their cattle operations and supplies, and in Tasmania, accepting significant government subsidies and then closing most of their abattoir and processing facilities, to the serious disadvantage of local businesses and communities," Tamp said in the letter to Mr Frydenberg and Mr Irvine.

"We submit that this long-established behavior is in clear breach of your Government's Foreign Investments Policy, which states that the Government expects all investors (both foreign and domestically-owned) to comply with Australia's laws and maintain high standards of conduct at all times," Tamp said.

"By any reasonable measure, this clearly shows that JBS is not a fit and proper organization, and the Batista brothers are not fit and proper persons, to be allowed to expand their operations in Australia," the Alliance said.

Huon said that JBS "also confirmed its commitment to ensuring the well-being of animals under its care and to upholding and building on Huon's legacy of high standards for superior quality, fish health, welfare and sustainable farming practices under its ownership" (see above).

TASSAL GROUP

Tassal says that revenue for the 12 months to June 30, 2021 was up 5.6 percent to \$594,035,000 with net profit after tax down 49.91 percent to \$34,620,000.

Tassal said that revenue was primarily derived from the sale of salmon and salmon products, up 3.3 percent to \$470.5 million, while sales of prawns and other fish and seafood products was up 25.5 percent to \$97.1 million.

The company said it would pay an unfranked dividend of 7.0 cents a share, compared with last year's partially franked 9.0 cents dividend with a record date of September 15, to be paid on September 29, 2021.

Tassal said its marketing campaign had led to "increased brand strength and trust".

The company said net tangible asset backing per share was constant at \$3.23, diluted earnings per share was down 51.8 percent to 16.35 cents and it had cash and cash equivalents of \$30,623,000 at June 30, 2021, compared to \$21,860,000 the previous year.

Tassal was up 13 cents or 3.8 percent to \$3.58 with 1.7 million shares traded.

ELIXINOL WELLNESS

Elixinol says revenue for the six months to June 30, 2021 was down 39.0 percent to \$4,790,000 with net loss after tax down 86.7 percent to \$10,828,000.

Elixinol said revenue was from its cannabidiol (CBD), dietary supplements and topical cremes, food, cosmetics and skincare products and included \$2,550,000 in the Americas, \$330,000 in Europe and the UK and \$1,910,000 in Australia.

The company said net tangible asset backing per share was down 50.5 percent to 8.08 cents, diluted loss per share was down 94.3 percent to 3.51 cents and it had cash and cash equivalents of \$18,962,000 at June 30, 2021 compared to \$16,769,000 at June 30, 2020.

Elixinol was up half a cent or 4.55 percent to 11.5 cents.

PHARMAUST

Pharmaust says revenue for the year to June 30, 2021 was down 33.0 percent to \$2,140,320 with net loss after tax down 1.8 percent to \$1,337,310.

Pharmaust said revenue was primarily from its Epichem medicinal chemistry operations.

The company said net tangible asset backing per share was up 1.1 percent to 1.81 cents, diluted loss per share fell 8.7 percent to 0.42 cents and it had cash and cash equivalents of \$3,020,268 at June 30, 2021 compared to \$2,880,496 at June 30, 2020.

Pharmaust was up 0.05 cents or 0.6 percent to 9.05 cents.

EPSILON HEALTHCARE (FORMERLY THE HYDROPONICS CO)

Epsilon says that subsidiary Tetra Health has launched a face-to-face marijuana clinic with Terry White Chemmart in Melbourne's Hawthorn.

Epsilon said that Terry White Chemmart was "one of the largest medicinal cannabis dispensing pharmacies in Australia".

The company said that the clinic would provide "similar out-of-pocket cost for patients as telehealth ... due to access to Medicare rebates on treatment" with expansion in Sydney and Brisbane later this year.

Epsilon said that patients would be able to visit Terry White Chemmart to see a Tetra doctor, receive prescriptions, and be dispensed medication at the one location.

Epsilon fell one cent or 6.25 percent to 15 cents.

CRESO PHARMA

Creso says Health Canada has approved a controlled drugs and substances dealer's licence for wholly-owned subsidiary Halucenex on August 11, 2021.

Creso said the licence allowed Halucenex to possess, sell transport and conduct research and development on a broad range of psychedelic substances including psilocybin, ketamine, lysergic acid diethylamide (LSD), Salvia divinorum, harmaline, salvinorin A and 3,4-methylene-dioxy-meth-amphetamine (MDMA or ecstasy) among others.

Creso said the licence would allow it to progress its planned phase II trial of 'magic mushroom' derived psilocybin on treatment-resistant post-traumatic stress disorder.

The company said the licence was valid until August 31, 2022 and subject to renewal. Creso was unchanged at 12.5 cents with 6.3 million shares traded.

ROOTS SUSTAINABLE AGRICULTURAL TECHNOLOGIES

Roots says its annual general meeting will vote on 32 resolutions, mostly related to the issue of 168,590,658 CDIs and 155,833,333 options to Everblu Capital and directors.

Roots said that investors would vote to issue related party Everblu Capital controlled by roots chair Adam Blumenthal 42,367,533 chess depositary interests (CDI) and 151 million options, as well as 125,000,000 CDIs and 1,833,333 options directly to Mr Blumenthal.

The company said the meeting would vote on the issue of 2,000,000 options to executive director Dr Sharon Devir and 1,000,000 options to chief executive officer Boaz Wachtel, as well as 9,000,000 'performance' rights each, as well as the issue of 934,375 CDIs in lieu of directors' fees to Dafna Shalev-Flamm and 288,750 CDIs to Graeme Smith.

Roots said the meeting would vote to approve Mr Wachtel as chief executive officer and chair and raise his salary from \$1,500 to \$9,000 per month from January 13, 2020.

The company said investors would vote on the future placement of up to 175,000,000 CDIs and 43,750,000 attaching options, ratify the prior issue of 88,902,306 CDIs, approve the 10 percent placement capacity and increase the authorized share capital from 1,000,000,000 shares to 1,400,000,000 shares.

Roots said the meeting would vote to elect directors Mr Blumenthal, Mr Devir, Mr Wachtel, James Ellingford, Peter Hatful and "external" directors Mr Smith and Ms Shalev-Flamm. The meeting will be held at Suite 2, Level 1, 1 Altona Street, West Perth on September 16, 2021 at 2.30pm (AWST).

Roots was unchanged at one cent with 9.3 million shares traded.

ANATARA LIFESCIENCES

Anatara says it has launched its irritable bowel syndrome with diarrhoea clinical trial website.

In February, Anatara said it had ethics approval for a 200-patient trial of the pineapple stem bromelain-based complementary medicine for irritable bowel syndrome with diarrhoea (BD: Feb 8, 2021).

Today, the company said it had opened a website for booking patients into the dose defining phase I trial, which was expected to be completed in February and determine the dose of its the gastrointestinal re-programming (Garp) product in March 2022.

Anatara said the 12-week study targeted towards adults aged 18 to 65 years who had irritable bowel syndrome with diarrhoea, and no history of inflammatory immune-mediated gastrointestinal disorder to examine the efficacy of Garp in managing the symptoms.

Anatara was untraded at 15 cents.

SEAFARMS GROUP

Chair Ian Trahar and Gabor say they have increased their holding in Seafarms from 675,871,221 shares (24.26%) to 1,316,616,676 shares (27.48%).

Seafarms Group chair and Gabor Holdings director Ian Norman Trahar said he bought 640,745,455 shares at \$35,241,000 or 5.5 cents per share.

In June and August, Seafarms said it raised \$92.5 million in a placement and \$15 million in a share plan (AVW: Jun 23, Aug 13, 2021).

Seafarms was up 0.1 cents or 1.9 percent to 5.4 cents with two million shares traded.

SEAFARMS GROUP

Janet Heather Cameron says she has increased her substantial share-holdings in Seafarms from 410,740,285 shares (14.74%) to 894,144,507 shares (19.8%).

The Sydney-based Ms Cameron said the 483,425,442 shares were acquired on August 13, 2021 for \$26,588,398 or 5.5 cents a share (see above).

Ms Cameron said the shares were held by the Elsie Cameron Foundation, the Elsie Flood Foundation and Bicheno Investments as trustee for the Jan Cameron Trust.

SEAFARMS GROUP

Tokyo's Nippon Suisan Kaisha (Nissui) says its 283,230,208 share-holding in Seafarms has been diluted from 10.17 percent to 6.06 percent.

Nissui said it was diluted in Seafarm's recent placement and share plan (see above).

CLEAN SEAS SEAFOOD

Regal Funds Management says it has ceased to be a substantial shareholder in Clean Seas Seafood.

The Sydney-based Regal Funds said it sold 4,649,076 shares for \$2,812,691 or 60.5 cents per share.

Clean Seas was unchanged at 55 cents.

TASFOODS

Sydney's CVC says its 51,769,199 share-holding in Tasfoods has been diluted from 17.43 percent to 14.71 percent.

CVC said that it was diluted in Tasfoods recent placement and share plan which raised \$4.1 million at 8.5 cents a share (AVW: Oct 9, 2020).

Tasfoods was untraded at 11 cents.

NANOLLOSE

Chair Wayne Best and Debra Best say they have increased and been diluted in Nanollose from 5,517,858 shares (7.36%) to 8,431,798 shares (5.67%).

Mr Best said he and Debra Best and Meerkat Investments bought 2,913,940 shares between December 8, 2017 and June 24, 2021 at 2.4 cents and 19.5 cents per share.

In April, Nanollose said it had raised \$2.85 million in an "oversubscribed" placement at 10 cents a share to institutional and sophisticated investors (AVW: April 19, 2021).

Nanollose fell 0.1 cents or one percent to 9.7 cents.

NANOLLOSE

Winton Willesee and Azalea Family Holdings say they have increased and been diluted in Nanollose from 5,517,857 shares (7.36%) to 8,068,504 shares (5.43%).

Nanollose director Mr Willesee said the shares were held by Azalea Family Holdings and Chinchinchee Nominees, which bought 2,550,647 shares between December 6, 2017 to June 24, 2021 at prices ranging from 2.4 cents to 19.5 cents a share.

In April, Nanollose said it raised \$2.85 million in a placement (see above).

NANOLLOSE

The Perth-based John Moursounidis says his 5,934,523 shares have been diluted below the five percent substantial shareholder threshold in Nanollose.

Mr Moursounidis said he was diluted in share issues on October 6 and December 4, 2020 as well as on January 19, 2021.

Ag & Vet Weekly calculates that Mr Moursounidis retains 4.0 percent of Nanollose.

NANOLLOSE

Jason MacLaurin says he has ceased to be a substantial shareholder in Nanollose.

The Perth-based Mr MacLaurin said his share-holding of 6,351,190 shares had been diluted due to 41,936,377 shares issued by the Nanollose.

SYNLAIT MILK

Synlait says it has appointed Nigel Macdonald as its operations director, effective from November, subject to New Zealand managed-isolation and quarantine requirements.

Synlait said Mr Macdonald was previously an executive at the Riyadh, Saudi Arabia-based Almarai and was currently Qatar's Baladna Food Industries' general-manager of manufacturing.

The company said Mr Macdonald started his career at Fonterra.

Synlait was up six cents or 1.85 percent to \$3.31.

FONTERRA SHAREHOLDERS FUND

Fonterra says it has appointed Kate Daly as the managing-director for people and culture.

Fonterra said Ms Daly joined the cooperative earlier this year as director of human resources and a member of the people and culture lead team.

Fonterra was untraded at \$3.60.