



# Perth financiers switch from mining to biotech

**EXCLUSIVE**

**ANDREW BURRELL**  
INVESTMENT

ALONG St Georges Terrace, the epicentre of Perth's mighty resources industry, it sounds very much like sacrilege.

But a growing number of brokers, bankers and investors have come to the seemingly heretical view that the once-maligned biotechnology sector is trumping the mining and exploration plays that have traditionally sucked up most of the city's speculative capital.

Even one of the elder statesmen of Perth's financial sector, John Poynton, the head of leading investment bank Azure Capital, has thrown some of his own money at biotech companies in recent months, and says enthusiasm for the sector is rising just as investor appetite for mining is waning.

Such is the level of interest that biotech firms from the east coast are regularly flying across the Nullarbor to spruik themselves to Perth's adventurous breed of investors.

The surge in interest mirrors the rise of biotech stocks nationally, but many Perth investors have long been comfortable with a higher degree of risk and can easily spot the parallels with resources plays.

"Biotech is a bit like drilling an oil well or a goldmine," says Poynton, whose firm has also been involved in recent capital raisings for biotech firms.

"There's still plenty of risk — it's high stakes.

"So with exploration plays so dead, it makes sense here in Perth, which I think has the potential to

lead the way in capital market support of the biotech sector."

Even the city's highest-profile miner, Andrew Forrest, is backing biotech, recently paying \$1 million to boost his shareholding in listed Perth-based company Admedus, which is marketing a cardiovascular patch that helps soft tissue repair in the human body.

Stewart Washer, the Perth-based chairman of listed biotech Isonex, which has seen its share price soar by 900 per cent this year, says he believes the sector has reached a turning point in Perth.

"It's been the forgotten sector throughout the GFC and the mining boom," he says.

Washer says investors are generally aware of the risks inherent in biotech stocks and believes the key element is the reputation of the people behind the company.

A recipe for success, he suggests, is for companies to form partnerships involving Perth capital and east-coast expertise in biotech. One small Perth advisory firm, Forrest Capital, has underwritten three of the recent major capital raisings in the biotech sector — those of listed companies Oncosil Medical, Biolife Queensland (soon to be renamed Imugene) and Cynata Therapeutics.

Brian Leedman, the chairman of industry body AusBiotech in Western Australia and an executive with US-based pSivida, reckons there is a "biotech revolution" under way in Perth.

Leedman hosted a lunch for

stockbrokers and industry executives in September and was shocked when 130 people turned up — twice as many as attended a similar event last year.

"Stockbrokers in Perth have been sitting around twiddling their thumbs; now they're jumping on the biotech bandwagon," he says. "All of the recent capital raisings have been heavily oversubscribed."

But Leedman knows better than most about the risks inherent in biotech stocks. In October, shares in pSivida were hammered after the US Food and Drug Administration rejected approval for Iluvien, a treatment for diabetic eye disease that is commercially available in several European countries.

Separately, Perth-based Avita Medical — the company behind Fiona Wood's spray-on skin technology for burns victims — has had similar woes in winning approval from the FDA.

In October, long-time Avita chairman Dalton Gooding agreed to step down over the lengthy delays as major investors expressed their anger at the company's poor share price performance.

Leedman acknowledges that the risks involved in biotech companies, which require years of clinical trials and funding before products can be marketed and revenues banked, are often high.

"I think the risk is high but I don't see it as any riskier than the average mining exploration play," he says.





Isona chairman Stewart Washer says the trick is to form partnerships involving Perth capital and east-coast biotech expertise

COLIN MURTY