

For Public Release

NZX Limited
Wellington

1 May 2023

Cannasouth launches capital raising initiatives in support of the prospective merger with Equalis Group New Zealand Limited

On 28 April 2023, Cannasouth Limited (NZX:CBD) shareholders overwhelmingly approved the proposed merger ("Merger") of CBD with Equalis Group New Zealand Limited (Equalis).

Capital Raising Initiative

To complete the Merger, CBD is seeking to raise \$9 million of new capital ("Capital Raise").

The principal terms of the Capital Raise will be as follows:

- Up to \$4,500,000 of the new CBD shares will be offered, at an issue price of \$0.29 per share, to existing CBD shareholders on a pro rata basis, pursuant to a non-renounceable rights issue on a 1 (one) new CBD share for every 9.53075 existing CBD shares basis ("CBD Offer") held on the record date of 5 pm, 9 May, 2023. CBD shareholders will be entitled to apply for additional shares in this offer, subject to scaling detailed below. In addition, for every 2 (two) new CBD shares subscribed for under this CBD Offer, an investor will receive 1 (one) Option to acquire an additional share in Cannasouth at an issue price of \$0.29 ("Option") – the term of the Option is 36 months from the date of the issue of the Option.
- Up to \$4,500,000 of the new CBD shares will be offered, at an issue price of \$0.29 per share, to existing Equalis shareholders on a pro rata basis, pursuant to a non-renounceable offer on a 1 (one) new CBD share for every 2.7126 existing Equalis shares basis ("Equalis Offer") held on the record date of 5 pm, 13 April 2023. Equalis shareholders will also be entitled to apply for additional shares in this offer, subject to scaling detailed below. Again, for every 2 (two) new CBD shares subscribed for under this Offer, an investor will receive 1 (one) Option.
- There will be an ability to accept up to \$2 million of oversubscriptions under the above two offers in aggregate, for a maximum issue size of \$11 million in aggregate.
- Third party investors, including but not limited to certain CBD shareholders or Equalis shareholders (together "Firm Investors") have been approached to secure binding commitments to participate in the offer of the new CBD shares, subject to sufficient CBD shares being available for those investors. The Firm Investor's applications will take priority in the allocation of any oversubscriptions under the two offers ahead of CBD and Equalis shareholders' applications for oversubscriptions. To date firm commitment subscription agreements of \$4.2 million have been received by CBD.

Priority of Subscriptions

- The Applications of CBD Shareholders, Equalis Shareholders and Firm Investors will be dealt with in the following priority:

- CBD Shareholders applying for their pro rata entitlement in the CBD Offer of up to \$4.5 million will receive all of the new CBD Shares they apply for on this basis (excluding oversubscription applications);
- Equalis Shareholders applying for their pro rata entitlement in the Equalis Offer of up to \$4.5 million will receive all of the new CBD Shares they apply for on this basis (excluding oversubscription applications);
- The Firm Investors (being all investors who sign up under a bespoke firm allocation subscription agreement with CBD (“Agreement”) prior to the close of the Equalis Offer or the CBD Offer - such Agreement does not comprise an application under the Equalis offer or the CBD Offer) will receive all of the CBD Shares they have applied for, provided their application does not exceed the difference between the CBD Shares issued to CBD Shareholders and Equalis Shareholders above, and the maximum number of shares on offer under the combined Offer. If the Applications of the Firm Investors exceed this amount, they will be scaled as between themselves;
- If there is a shortfall in the up to \$9 million of shares offered in the CBD Offer and Equalis Offer post the issue of the CBD Shares to Firm Investors, then the remaining CBD Shares shall be allotted to those CBD Shareholders and Equalis Shareholders (that are not also Firm Investors) who have submitted oversubscription applications in excess of their pro rata entitlement, subject to certain restrictions imposed by the Takeovers Code on Equalis shareholders, which will be delineated in detail in the offer document to be circulated to Equalis shareholders;
- If there is a shortfall post the issue of the CBD Shares to CBD Shareholders (who oversubscribe), Equalis Shareholders (who oversubscribe), and Firm Investors, then third party investors (being any investors who sign up a subscription agreement after the date of the commencement of the Equalis Offer or the CBD Offer) shall be issued the remaining CBD Shares, and if there is an over demand (in excess of \$11 million), then those applications will be scaled as between themselves;
- Notwithstanding that CBD and Equalis are seeking to raise up to \$9 million through the Capital Raise, the Merger is conditional upon CBD raising not less than \$7 million of new capital on or before 9 June 2023. In the event that this condition is not satisfied, then the Merger and the Capital raise will not proceed. As announced on 28 April 2023, the Company has received \$4.2 million of firm commitments for the Capital Raise.

Launch of CBD Rights Issue (“Cannasouth Offer”)

CBD is pleased to announce its intention to launch today a 1 for 9.53075 pro-rata non-renounceable rights issue to Cannasouth shareholders to raise up to circa \$4.5 million.

The details of the Cannasouth Offer are as follows:

Rights Offer size and structure	\$4.5 million pro rata non-renounceable rights offer to eligible CBD shareholders at a ratio of 1 new CBD share for every 9.53075 existing CBD shares held as at the record date
Rights Offer price	\$0.29 per New Share (Offer Price)

No Rights trading	The Rights will not be listed on the NZX Main Board, and will not be able to be traded
Eligibility	Only CBD shareholders with registered addresses in New Zealand or Australia on the Record Date will be entitled to participate in the Rights Offer
Oversubscriptions	Eligible shareholders who elect to take up all of their Rights in full, will have an opportunity to apply for additional shares, subject to the conditions described under the heading "Priority of Subscriptions" above, and the terms of the Cannasouth Offer Document.
Ordinary Shares	The new CBD Shares to be issued under the Cannasouth Offer will rank equally in all respects with the existing Shares on issue in CBD.
Options Entitlement	For every 2 (two) new CBD Shares subscribed for under this Offer, an investor will receive 1 (one) Option to acquire an additional share in Cannasouth at an issue price of \$0.29 ("Option") – the term of the Option is 36 months from the date of the issue of the Option, and otherwise on the terms prescribed in the Offer Document.

The key dates for the Cannasouth Offer are as follows:

Announcement of the Offer	1 May 2023
Record Date for determining Rights	5pm 9 May 2023
Opening Date for the Offer	10 May 2023
Dispatch of Offer Documents and Entitlement and Acceptance Forms	12 May 2023
Closing Date for the Offer	5pm 24 May 2023
Announcement of results of the Offer and the Oversubscription Facility	29 May 2023
Allotment of New Shares, despatch of holder statements	31 May 2023
Commencement of trading of New Shares	1 June 2023

The above dates are subject to change at the discretion of CBD, subject to compliance with NZX Listing Rules requirements. CBD reserves the right to withdraw the Cannasouth Offer at any time prior to the issue of New Shares under the Cannasouth Offer at its absolute discretion.

Launch of Offer of new Cannasouth Shares to the shareholders of Equis Group New Zealand Limited (“Equis Offer”)

CBD is pleased to announce its intention to launch a 1 for 2.7126 non-renounceable offer to Equis shareholders to raise up to circa \$4.5 million.

The details of the Equis Offer are as follows:

Offer size and structure	\$4.5 million non-renounceable offer to eligible Equis shareholders at a ratio of 1 new CBD share for every 2.7126 existing Equis Shares held
Rights Offer price	\$0.29 per New Share (Offer Price)
No Rights trading	The Rights will not be listed on the NZX Main Board, and will not be able to be traded
Eligibility	Only Equis shareholders with registered addresses in New Zealand or Australia on 13 April 2023 (“the EQ Record Date”) will be entitled to participate in the Rights Offer
Oversubscriptions	Eligible Equis shareholders who elect to take up all of their Rights in full, will have an opportunity to apply for additional shares, subject to the conditions described under the heading “Priority of Subscriptions” above, and the terms of the Offer Document.
Ordinary Shares	The new CBD Shares to be issued under the Equis Offer will rank equally in all respects with the existing Shares on issue in CBD.
Options Entitlement	For every 2 (two) New Shares subscribed for under this Offer, an investor will receive 1 (one) Option to acquire an additional share in CBD at an issue price of \$0.29 (“Option”) – the term of the Option is 36 months from the date of the issue of the Option, and otherwise on the terms prescribed in the Offer Document.

The key dates for the Equis Offer are as follows:

Announcement of the Offer	1 May 2023
Record Date for determining Rights	5pm 13 April 2023
Opening Date for the Offer	10 May 2023
Dispatch of Offer Documents and Entitlement and Acceptance Forms	12 May 2023
Closing Date for the Offer	5pm 24 May 2023

Announcement of results of the Offer and the Oversubscription Facility	29 May 2023
Allotment of New Shares, despatch of holder statements	31 May 2023
Commencement of trading of New Shares	1 June 2023

The above dates are subject to change at the discretion of CBD, subject to compliance with NZX Listing Rules requirements. CBD reserves the right to withdraw the Eqlis Offer at any time prior to the issue of New Shares under the Eqlis Offer at its absolute discretion.

Attached Documents

Copies of the following documents accompanying this announcement:

- The Corporate Action Notice;
- The Cleansing Notice;
- The Offer Document for the Cannasouth Offer;
- The Offer Document for the Eqlis Offer.

-ENDS-

For further information visit www.cannasouth.co.nz or contact:

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About Cannasouth Limited

Cannasouth is a vertically integrated biopharmaceutical Group. The Group has been established to focus on the commercial development of the medicinally beneficial attributes of cannabinoid compounds produced by the cannabis plant, and other health products and medicines. Our goal is to support patients' health outcomes and improve their quality of life. Our products will be produced under GMP, using environmentally friendly methods, ensuring patients are treated with therapeutic products of the highest quality. Cannasouth Limited is the parent company, listed on the NZX, and is 100% owner of Cannasouth Bioscience Ltd and Cannasouth Cultivation Ltd.

For video footage, photos and logos please visit: <https://www.cannasouth.co.nz/about/media/>