

For Public Release

NZX Limited
Wellington

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Cannasouth Announces Opening of Rights Offer, and new General Retail Offer

Cannasouth Limited (NZX:CBD) launched a Capital Raise in support of the proposed merger with Eqlis for \$9 million ("Capital Raise") on Monday 1st May 2023.

In order to implement the acquisition of Eqlis, Cannasouth must, as a condition of the transaction with Eqlis shareholders, raise not less than \$7 million of new capital on or before 9 June 2023. To seek to satisfy this condition, Cannasouth today opens its rights offer to Cannasouth's existing shareholders to raise up to \$4.5 million ("Cannasouth Offer"), together with another offer to existing Eqlis shareholders, to raise a further \$4.5 million ("Eqlis Offer"). If both offers are successful, Cannasouth would raise a total of \$9 million.

Cannasouth reserves the right to accept oversubscriptions under both offers of a further \$2 million in aggregate.

In addition, the Board has resolved to make an offer to non-Cannasouth and non-Eqlis shareholders who are resident in New Zealand under a General Retail Offer ("General Offer"). Investors in the General Offer will have the ability to apply for new Cannasouth shares in the shortfall under the Cannasouth Offer or the Eqlis Offer (if any) and/or to participate in any oversubscription facility for the Cannasouth Offer or the Eqlis Offer should the Board resolve to accept oversubscriptions in respect of the two offers.

A copy of the Offer document in support of the General Offer accompanies this announcement, together with a copy of an updated Cleansing Statement.

The Offers open today. The Board is pleased to announce that firm commitment subscription agreements, having an aggregate value of **\$5.1 million**, have been received by the Company to date.

From today, Eligible Shareholders under the Cannasouth Offer and the Eqlis Offer will be sent their personalised Letter of Entitlement with links to the Non-Renounceable Offer Document and Online Acceptance Form, which Form delineates each respective shareholders entitlement to participate in the respective Offers.

The following documents accompany this announcement:

1. General Retail Offer Document
2. Cleansing Statement

-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 GxP, 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/>