

For Public Release
NZX Limited
Wellington

03 August 2021

Cannasouth raises \$4.5m in new capital

Cannasouth Limited (**NZX:CBD**, Cannasouth or Company) is pleased to announce that its recently closed Share Purchase Plan and retail offer (Offer) has raised a total of \$4,500,000 through the issue of 11,250,000 new ordinary fully paid shares and 3,750,000 options.

In terms of the Offer, for every three shares subscribed for, an investor received one option. The options have a 2-year expiry date and an exercise price \$0.40 per share. They will not be quoted on the NZX Main Board. Investors will be sent a direct communication in due course providing further information as to the manner in which an option may be exercised.

On 5 July 2021, Cannasouth announced that it was seeking to raise up to \$6 million to consolidate its operations by acquiring outstanding interests it does not already own, in each of Midwest Pharmaceuticals NZ Limited and Cannasouth Cultivation Limited, and to provide additional growth capital.

Given the Company has raised \$4.5 million to date, the Company will now seek to place the balance of \$1.5 million prior to 30 September 2021.

Cannasouth Chairman Tony Ho says "We wanted to provide our shareholders and the public with the opportunity to participate in the first phase of the capital raising initiative. We are pleased with the positive support received, given the current environment.

"We will now move to complete phase two of the capital raising initiative by seeking to raise the remaining \$1.5 million of new capital, and to then complete the acquisition of the outstanding 50% of Cannasouth Cultivation Limited following the completion of that capital raising initiative."

The Waikato-based cultivation facility is in the final stages of equipment commissioning and process validation, with the first commercial grow scheduled for late 2021. Subject to securing off-take agreements with commercial counterparties, revenue from the export of high-quality medicinal cannabis flower biomass is expected to be *circa* \$8 million on an annual basis. The Company is in negotiations with several prospective customers for off-takes of the first harvest and exports are expected to begin in early 2022.

Cannasouth CEO Mark Lucas says "The race to revenue in the medicinal cannabis industry is a marathon, not a sprint, and we can now see the finish line. Thank you to all our committed investors who follow and support the Cannasouth journey."

Cannasouth expects that the new shares will be allotted, and holder statements sent out to shareholders, on or about Friday 6 August 2021.

-ENDS-

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

Mark Lucas

CEO / Managing Director

Email: mark.lucas@cannasouth.co.nz

Mobile: +64 (0)21 484 649

Tony Ho

Chairman, Cannasouth Limited

Email: tony.ho@cannasouth.co.nz

Mobile: +61 (0)417 345 839

About Cannasouth Limited

Cannasouth is a biopharmaceutical research and development company based in the Waikato heartland of New Zealand. The Company has been established to focus on the commercial development of the medicinally beneficial attributes of cannabinoid compounds such as CBD, THC and associated chemical structures that are produced by the cannabis plant. Our goal is the development of next-generation cannabinoid medicines that support patients' health outcomes and improve their quality of life. Our products will be produced under GMP using environmentally friendly methods without the use of harmful chemicals or solvents, ensuring patients are treated with pure cannabinoid therapeutic compounds of the highest quality. The Cannasouth group holds commercial medicinal cannabis licenses granted by the Medicinal Cannabis Agency for cultivation, possession to manufacture, and supply activities.

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