

For Public Release

NZX Limited
Wellington

8 September 2022

Market Update – Regulatory Clarification and GMP Audit Timing

Cannasouth Limited (NZX:CBD) has received clarification during recent discussions with the Medicinal Cannabis Agency related to technical aspects associated with achieving the New Zealand Minimum Quality Standard for cannabis flower as a finished product. The insights gained have helped Cannasouth optimise post-harvest processes which will ultimately lead to a higher quality finished product.

The adopted process improvements remove complexity and streamline our operations, however require additional data to validate the changes. This data will be gathered during our upcoming commercial harvest scheduled to commence on the 19th of September.

Validation is a key component of the Good Manufacturing Practices (GMP) accreditation process. Cannasouth has sought deferral of its GMP audit while the new data pack is assembled. Cannasouth is working with the regulators to arrange a new audit date at the earliest opportunity.

GMP covers the post-harvest, drying and packing processes and is required for higher value premium flower to be used as a finished product in most jurisdictions, including New Zealand. This is an important distinction from Good Agricultural Collection Practices (GACP) accreditation, which Cannasouth achieved in August 2022, which opens the pathway for the export of cannabis flower as a start material for further manufacture.

-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, Cannasouth Cultivation Ltd, and Midwest Pharmaceuticals NZ Ltd.

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