

CANADA'S MEDICAL MARIJUANA RESEARCH PROGRAM IS ONE OF THE MOST ADVANCED IN THE WORLD

FOR RELEASE: Thursday June 16, 2005

TORONTO: On Tuesday June 14, 2005, CTV's National News aired a segment on Health Canada's medical marijuana research and distribution programs. It was alleged that the medicinal marijuana grown by Prairie Plant Systems ("PPS"), Canada's only legal and licensed grower and distributor of medical marijuana, is of questionable quality and is grown in a potentially unsafe location near Flin Flon, Manitoba. While PPS welcomes and appreciates patient and public feedback, the Company takes this opportunity to provide additional information so Canadians are not misled by this report.

The Quality of Medical Marijuana Produced by Prairie Plant Systems

The medical marijuana grown by PPS for Health Canada is of high quality, consistent in content, and is vigorously tested and monitored throughout the production cycle.

Health Canada and PPS have been working hard to respond to many of the concerns raised by the first group of patients receiving product. To that end, since May, 2004, the improved product from new batches has been received more favorably by patients and researchers. This is substantiated by product return rates now at less than 2%.

"Based on the feedback we received from patients," stated Brent Zettl, President and CEO of Prairie Plant Systems, "we've improved the product by using bud material only and have elevated the THC to 12.5%. By comparison, recent RCMP data shows that 92% of marijuana purchased on "the street" in Canada has less than 14% THC. We strongly dispute that the current product being distributed today is "weak" and of sub-standard quality."

Biosecure Underground Growth Chambers - A Perfectly Controlled Growing Environment

It is a fact that PPS grows medical marijuana in an unused portion of a hard rock mine 6 kilometers away from Flin Flon and 12 kilometers away from the Hudson Bay Mining & Smelting surface operations. The suggestion that the medical marijuana product grown by PPS is somehow contaminated because our growth chambers are located near Flin Flon, is false. The marijuana is grown in a high-tech, Biosecure Underground Growth Chamber which is a strictly controlled, perfect growing environment.

"It is very important to understand that the facility is perfectly secure and self contained," explained Mr. Zettl. "We don't use any soil or water from the mine, and the air is constantly filtered. In other words, we totally control soil, water, and air."

Some important facts not disclosed in the CTV report include:

- Over the past decade, PPS has grown over 500 species of plants—including cannabis—in Biosecure Underground Growth Chambers (“BUGC”).
- BUGC are highly secure and controlled production facilities that offer an ideal environment for growing plants. Elevated CO₂ levels, constant year-round temperatures and stable atmospheric pressure are just a few of the key attributes which make BUGC unique and excellent growing environments.
- All heavy metals and microbiological impurities present in medical marijuana product shipped to patients are below acceptable Natural Health Product levels.
- Every batch of product shipped to patients is tested by accredited and licensed laboratories using validated analytical methodologies.
- No other marijuana produced in Canada is as rigorously tested and monitored as PPS grown marijuana.

“While I understand and respect the scrutiny of the product and our work,” Mr. Zetl continues, “the continued criticism is based mostly on the first batch of marijuana, not the improved product which has been distributed over the past year. It is particularly perplexing when you consider most medical marijuana users purchase their marijuana from unknown sources, where the quality, consistency and safety of the marijuana is often unknown or variable, and is priced up to 100% higher than the product offered by Health Canada (i.e. \$8-15 per gram vs. \$5 per gram).”

An Investment in the Future

In December 2000, Health Canada awarded Prairie Plant Systems a 5 year, \$ 5.7 million contract. PPS’s contract, including amendments, covers several objectives which have been achieved:

- Designed and operated a marijuana growing, processing, fabrication and storage establishment.
- Produced a safe, high quality and consistent supply of marijuana for patients and researchers.
- Conducted laboratory testing and quality control of marijuana throughout the product's life cycle.
- Fabricated, packaged, labeled and stored marijuana material.
- Conformed to the requirements of the *Controlled Drugs and Substances Act*, including stringent security and physical measures.
- Distributed marijuana to qualified patients and researchers.

Based on this work and investment, Canada has established a foundation upon which more advanced marijuana research can thrive and flourish. To put this expenditure into context, it is commonly known that that pharmaceutical/biotech companies typically

spend \$100-300 million dollars to research and develop an approved product that is safe, standardized, and efficacious. World class research and development, such as that undertaken by PPS, requires considerable investment and attention to detail.

In Conclusion

Despite the criticism, the number of patients legally accessing PPS's product through personal possession licenses or enrollment in Health Canada approved research programs continues to grow. More Canadians are becoming aware of these opportunities and patients are experiencing the peace of mind of having legal and reliable medicine delivered to their door.

“Canadians can be proud of our ground breaking medical marijuana research and distribution programs; they are the first of their kind in the world,” states Mr. Zettl. “This is particularly true in light of recent events in the United States which restrict medical marijuana research and access. Canadians have a responsibility to ensure this program continues, as we are world-leaders in making this medicine available for clinical research, and to patients with unmet medical needs.”

About Prairie Plant Systems

Prairie Plant Systems is a privately-held plant biotechnology company which was founded in 1988. PPS's management and employees possess considerable growing expertise, having been in the biotechnology business for more than 15 years. The Company's primary mandate is the research and development of plant-based pharmaceuticals – a new generation of therapeutic drugs. In December 2000, Prairie Plant Systems was selected, through a competitive process, to provide Health Canada with a reliable source of quality, standardized, research-grade marijuana to meet research needs in Canada. Prairie Plant Systems is the first and only legal, licensed grower and distributor of medicinal marijuana in Canada.

- 30 -

For Further Information About Medical Marijuana Grown by PPS for Health Canada, Please Contact:

Dr. Richard Viau
Drug Analysis Services
Health Canada
Phone: 613-941-7290
Email: Richard_viau@hc-sc.gc.ca